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Corrupt Practices.

SPEECH

OF

HON. ROBERT L. OWEN,

OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

Thursday, August 24, 1916.

Mr. OWEN. Mr. President, I ask unanimous consent that, after the Senate shall have voted on the pending revenue bill, it proceed to the consideration of House bill 15842, and to the disposition of that measure.

Mr. SIMMONS. What is the measure?

Mr. OWEN. It is the corrupt-practices act.

Mr. SMOOT. Nobody in the Senate can tell when the revenue bill is going to pass; that has not been decided. It seems to me that it is unwise for the Senator now to ask unanimous consent to take up the bill to which he has referred after the revenue bill shall have passed. We do not know when a resolution will be agreed to providing for final adjournment. We are right in the last days of the session of Congress, and for that reason Mr. President, I shall object.

Mr. OWEN. Mr. President, on the first day of this session the chairman of the Democratic conference, Senator KERN, introduced a bill providing for the control of corrupt practices in this country. The bill is similar to one which was reported during the last Congress, but was not acted on by the Senate. The House passed a similar measure at this session and sent it to the Senate. It has been reported back to the Senate and is now on the calendar. The bill is not a long bill; it is not an involved bill. It ought to be capable of disposition in one or two days. The House of Representatives acted in a few hours in considering and acting on the measure.

After the revenue bill shall have been acted on by the Senate that bill must go to conference, and it certainly will take several days to reconcile the differences between the two Houses, and in that time this bill can be considered, amended if necessary, and disposed of.

There is no reason why Senators should not in the meantime read this bill; should not study this bill; should not be completely prepared to express themselves upon it, unless it is the desire of Senators to prevent action just before the pending election. The American people, I believe, will not approve of the old system of the use of money on a gigantic scale to influence and control the elections of this country. As one of their Representatives, keenly sensible of my duty toward them, under my oath as a public servant, I shall resolutely insist upon action now. I earnestly hope I may have the sympathy and cooperation of all Senators, whether Democratic or Republican, in getting immediate constructive action and that I may not be impeded by the old Senate game of a substantial filibuster under the pretense of debate, but that the debate shall be simple and straightforward, and amendments suggested sincere and of constructive and not of obstructive purpose.

This bill is easily understood. The first section simply defines what "political committees" are, what the word "candidates" and the word "elections" shall be construed to mean, what the words "political purposes," the words "disbursement," "person," and "Representative" shall be construed to mean, in order that the text of the bill shall not be susceptible of misconstruction.

Section 2 of the bill provides for the organization of political committees of citizens who desire to take part in influencing elections, and provides a method by which such committees can be organized.

Section 3 requires each of the committees to have a chairman and a treasurer.

Section 4 provides that every political committee must keep a bank account and keep a complete record of receipts and disbursements.

Section 5 requires receipts to be preserved.

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Section 6 provides for an account to the treasurer and a record of contributions.

Section 7 requires statements by the treasurer to be filed with the Clerk of the House of Representatives.

Section 8 requires the details of the contributions, where they are above \$100 and where they are below \$100, and the aggregate of contributions and disbursements in like fashion.

Section 9 requires statements by others than political committees of expenditures where they exceed \$50, and compels a private person who contributes more than \$50 to make a report as if he were a committee, and provides further that no individual citizen shall contribute to any election a sum exceeding \$5,000.

Section 10 puts a limitation on expenditures of \$400,000 on national committees in the election of presidential and vice presidential electors, and makes the chairman and treasurer of each national political committee responsible for preventing the aggregate of such disbursements exceeding this amount.

It provides further that the chairman and treasurer of the congressional campaign committees shall be charged with the responsibility of accounting to the treasurers of their respective national committees for disbursements made by them. It limits the aggregate of disbursements for a presidential candidate to \$50,000, for a vice presidential candidate to \$25,000, and provides that no political committee or any member or officer thereof and no personal campaign committee shall make any disbursements for the nomination of such candidates except under the direction and with the consent of such candidates. It makes the amount which a Senator may expend for a nomination or for an election \$5,000, but provides for certain exemptions in the way of postage, circulars, etc., on condition that those expenditures shall be reported, together with other expenditures. It provides that the aggregate of disbursements by a Member of Congress for his nomination or election shall not exceed the sum of \$2,500. It provides that candidates shall, within certain times, make these reports to the Secretary of the Senate, if a candidate for the Senate, or to the Clerk of the House of Representatives, if a candidate for the House. It provides that no candidate for Representative or Senator shall make a promise of patronage in order to secure his election or nomination. It requires the statements to contain a statement that no promise has been made. It requires the statements to be made under oath. It provides that the bill shall not be construed to annul or vitiate the laws of any State not directly in conflict with the bill, and provides that no disbursement may be lawfully made except for the following purposes—and this is a very important part of the bill, which ought to meet the approval of every Senator on both sides of this Chamber:

First. For the traveling expenses and expenses of subsistence of the candidate and of the members of political committees and their bona fide officers and assistants.

Second. The payment of fees or charges for placing the name of the candidate upon the primary ballot.

Third. The hire of clerks and stenographers and the cost of clerical and stenographic work and of addressing, preparing, and mailing campaign literature.

Fourth. Telegraph and telephone calls, postage, freight, and express charges.

Fifth. Printing and stationery.

Sixth. Procuring and formulating lists of voters.

Seventh. Headquarters or office rent.

Eighth. Newspaper and other advertising.

Ninth. Renting of halls or providing places for public meetings, and all expenses of advertising and other expenses usually incident to holding such meetings.

Mr. President, these affirmative declarations are intended to exclude the use of money in buying voters, in bribing men under the pretense of using their services for legitimate purposes when in point of fact the man is really hired to vote, and a multitude of crafty means of evasion.

The bill provides further that any person who, otherwise than in compliance with the provisions of the bill, shall hire or employ, or offer to hire or employ, or shall reward or give to any person anything of value for his services, or for loss of time, or for reimbursement of his expenses in consideration

of such person directly or indirectly working, electioneering, or making public addresses for or against any candidates or candidate, or who rewards or offers to reward any person for his vote or influence, or the promise of his vote or influence, for or against any candidate for the office of President, Vice President, or Senator of the United States, or Member of the House of Representatives, shall be deemed guilty of a felony—not a misdemeanor, Mr. President, because the basest crime of all crimes is to befool the ballot box of this country and to steal the governing powers of the people of the United States by fraudulent practices in the ballot box—and upon conviction thereof shall be punished by imprisonment in the penitentiary for a term of not less than 1 year nor more than 10 years.

Section 11 of the bill provides that the statements required by the bill shall include the name and post-office address of the opponents of the candidate making a report, with instructions that the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, shall require such opponents, even if not successful, to make a proper report of their expenditures under penalties for failure to do so.

Section 12 requires that the Clerk of the House and the Secretary of the Senate shall, on or before the 15th day of January next after any general or special election for Representative in Congress or Senator of the United States, report to the House and Senate, respectively, the names of these candidates and their reports, and that these reports shall be printed as a public document, in order that the people of this country may see to what extent and how far money is being used in the control of the election of the President of the United States and of Members of this body and of the House of Representatives.

Section 13 provides that jurisdiction over all violations of the act is conferred upon the United States district court.

Section 14 provides that personal expenses for stationery, traveling expenses, circulars, advertising, postage, and telegraph and telephone service shall not be subject to the provisions of the bill, except that an account shall be kept of all moneys expended for circulars and postage and advertising authorized by the section, which shall be reported in the statements required by the bill as an addendum thereto, but not subject to the limitations in amount fixed by section 10 of the bill.

This provision is a matter of grave doubt as to the exception; but, nevertheless, it will permit the people of the United States to pass their judgment on whether or not the abuse will justify striking out this exception. We have proceeded very slowly in this matter. This question has been up for years.

We have taken one poor, little, weak, inadequate step from time after time, and we now have on the statute books a law that is fundamentally and essentially as contemptible as any law that was ever written upon the statute books of any intelligent people. I say so because the present so-called corrupt-practices act deals only with committees handling two or more States and exercises no control whatever over committees inside of a State and no control whatever over individuals inside of a State, and as far as the present law is concerned, an individual, as a private person, could go into the different States and spend a million dollars or ten million dollars corruptly without the laws of the United States holding him to an account for the stealing of the presidential office or the stealing of the senatorships upon this floor.

The idea of the Senate of the United States refusing now to act upon this matter, right in the face of a pending election and of this acknowledged state of the law, I do not believe will meet with the approval of the people of the United States, and I do not think it ought to meet with the approval of the people of the United States, whose sworn representatives we are.

It shall be no fault of mine if the Senate does not act at this session on this bill on the calendar. The newspapers have announced—and announced without any justification, in my opinion—that there was an implied agreement between the Senators on this side of the aisle and Senators on the other side of the aisle that they were not going to permit this matter to be heard. Mr. President, they are going to permit it to be heard. It is going to be heard. No such pretended agreement exists. I do not know who is responsible for the false report, but it assuredly is not a friend of the bill.

There was an impression that the parliamentary status of this bill was such that even if the Senate acted it could not be disposed of by the House. That is not true.

The House bill has passed and we have reported it, and the matter can be disposed of in conference within 24 hours. No parliamentary difficulty is in the way except a possible Republican filibuster, if they dare face the country with it.

Mr. PENROSE. Mr. President, will the Senator permit an inquiry?

Mr. OWEN. I yield to the Senator from Pennsylvania.

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Mr. PENROSE. Is the Senator's anxiety to pass this bill chiefly to remedy conditions in Oklahoma? I ask because I have heard that the greatest laxity prevails there, to put it mildly, in the methods of conducting elections and the expenditure of money.

Mr. OWEN. I will say to the Senator that I should be glad to have it apply to Oklahoma; but I will also say to the Senator that there is no State in the Union that will require it more than the State of Pennsylvania.

Mr. PENROSE. Of course, there is a difference of opinion on that.

Mr. OWEN. Hardly.

Mr. PENROSE. But I think investigation will disclose the fact that the most corrupt elections in the country are in the State of Oklahoma.

Mr. OWEN. If that were true as to Oklahoma—which it is not—as it assuredly is as to Pennsylvania, Mr. President, then this act will put an end to it. I will say to the Senator that there is some basis for his inaccurate observations, because when I was a candidate I was informed, and I verily believe, that the Lumber Trust sent \$40,000 into my State to defeat my nomination, being offended because of the demand which I made and voiced on this floor that Mr. Lorimer should not retain his seat in the Senate, because the Lumber Trust had bribed the Illinois legislators to elect Mr. Lorimer, at a cost estimated at between \$100,000 and \$200,000.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Mississippi?

Mr. OWEN. I yield to the Senator.

Mr. VARDAMAN. If the Senator will pardon an interruption, I should like to emphasize the fact that this bill is not intended for any particular State but for all the States.

Mr. OWEN. Absolutely.

Mr. VARDAMAN. And if there are irregularities in Oklahoma or Mississippi or Pennsylvania, they ought to be corrected in so far as legislation can correct them. I agree with the Senator that the bill ought to be considered at this time.

Mr. OWEN. I have no doubt that there is more or less irregularity in all of the States. I do not claim any extraordinary virtue for Oklahoma. Those people are only human beings, subject to the same temptations as people elsewhere, but public sentiment there is absolutely overwhelmingly in favor of honesty in our elections. I represent the people of my State truly when I demand this statute.

Mr. SAULSBURY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Delaware?

Mr. OWEN. I do.

Mr. SAULSBURY. I simply want to say that it seems surprising to one coming from this part of the country that in a large State like Oklahoma \$40,000 seems to shock the public conscience so greatly. There is one case which I know could be disclosed by the records of the Senate in which over \$50,000 was contributed for the purpose of influencing an election in my State on the Saturday before the election which was held on the following Tuesday. I thoroughly agree with what the Senator from Oklahoma says about the necessity of passing this bill.

Mr. O'GORMAN. Mr. President, to avoid any ambiguity as to the application of the last statement, I should be glad to know from the Senator from Delaware whether the \$50,000 to which he refers was used for the election of the candidate of the Republican Party.

Mr. SAULSBURY. Most assuredly it was, as many Senators now sitting in this body know.

Mr. PENROSE. Mr. President, there was a million dollars spent to elect President Wilson—over a million.

Mr. O'GORMAN. Is it not a fact that two and a half million dollars were used in 1896 to elect Mr. McKinley?

Mr. PENROSE. That might have been.

Mr. O'GORMAN. The rate has been going down since that time.

Mr. OWEN. If what the Senator [Mr. PENROSE] says is true—and I do not know whether it is true or not—I want to put a stop to the practice. I do know that no such sum was officially reported as spent in the election of Mr. Wilson, but it was currently reported in 1896 that Mark Hanna raised \$16,000,000 to elect McKinley and the "Big Boys" successfully threatened a panic beside and voted every poor employe the corporations could coerce to elect McKinley; and I do not want these great parties rivaling each other in raising gigantic funds in a contest of money for the purpose of dishonestly and corruptly influencing votes.

Mr. GALLINGER. Mr. President—
The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New Hampshire?

Mr. OWEN. I yield.
Mr. GALLINGER. Has the Senator noticed that the treasurer of the Republican National Committee is asking \$10 contributions to enable him to get a fund for the coming campaign?

Mr. OWEN. I wish it might be confined to \$10 contributions. I would be much more content if both parties were confined to small contributions.

The suggestion of the Senator that innocently assumes the Republican will rely on small contributions will not be taken seriously by the people, much less by Republican leaders who know better. They will raise millions in big contributions if not prevented, and every well informed man believes it.

Mr. O'GORMAN. The Democratic committee in 1912 solicited \$1 contributions, which was quite reasonable.

Mr. GALLINGER. I have not seen their certificate yet. I have seen the advertisement of the Republican treasurer.

Mr. OWEN. Mr. President, I have in my hand now a memorandum showing conditions in Ohio, and, according to the report filed with the secretary of state under the Ohio law, Mr. Herrick who was the successful candidate for the Republican nomination at the recent primaries held in that State spent the following amounts:

- By Herrick personally, \$22,175.
- By the Herrick Voters' League, \$29,000.
- By the Stark County Herrick Voters' League, \$413—a total of \$49,588.

And the reports from nearly a hundred other counties have not apparently come in yet. I do not know how much it will be, but I say this is an abuse that ought to stop.

I do not think the Republican Senators on that side of the line should filibuster against this bill. I do not think they should refuse their consent that a vote may be taken upon it. I do not see how they reconcile themselves in refusing to permit a vote on this bill.

Mr. PENROSE. Mr. President—
Mr. OWEN. I yield to the Senator from Pennsylvania.

Mr. PENROSE. Does the Senator expect the Republicans in this Chamber or any individual Senator to take this bill exactly as he has framed it, without consideration?

Mr. OWEN. Not at all.
Mr. PENROSE. It will take some time to form a good corrupt-practices act.

Mr. OWEN. The threat of taking some time is an old, old story and an old, old joke. It means a filibuster threatened under words the people would not understand in reading the RECORD, but which every Senator knows means filibuster under pretense of debate.

Mr. PENROSE. It will be applicable to this bill also.
Mr. OWEN. But a filibuster will be well understood by the people when it presents itself, even if under the false color of debate.

Mr. PENROSE. No one is filibustering.
Mr. OWEN. And it will not be done without being exposed. I can tell the Senator.

Mr. STONE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Missouri?

Mr. OWEN. I yield.
Mr. STONE. My friend from Oklahoma said he could not understand why our friends on the Republican side of the Chamber could object to the passage of this bill. He certainly did not mean in that statement to have any doubt as to the reason. The reason is that they expect to try to buy this election.

Mr. GALLINGER. If the Senator will permit me, I have heard it stated from several sources that the Democratic Party is proposing to buy it—

Mr. STONE. We are ready to vote to-morrow to pass this bill.

Mr. GALLINGER. That they have already raised a very large sum for that purpose which they have distributed in part.

Mr. OWEN. The Democrats are ready to act now, and I challenge the Senators on the other side to action.

Mr. PENROSE. If the Senator will permit me, the supposition throughout the country is that an enormous corruption fund has been collected by the Democratic Party, and now they want to lock the door.

Mr. OWEN. I have heard that statement made with regard to the Republican Party. I do not know whether it is true or not, but I believe the Senator himself would certainly know if it were true that the Republicans had gathered and distributed a gigantic fund for such purpose.

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Mr. PENROSE. No; I have been down here attending to my official duties. I do not know what is going on.

Mr. OWEN. This bill will disclose the fact if such funds have been collected and will prevent the corrupt use of such funds in either party if they have been collected.

Mr. VARDAMAN. I wish to suggest that the statements which have been made by Senators on either side of the aisle have proven beyond any sort of question the necessity for this legislation. After the admissions made and the suspicions expressed I do not see how any Senator can afford to antagonize the passage of this bill at this session. To do so would be almost criminal inconsistency.

Mr. OWEN. Absolutely.
Mr. VARDAMAN. If that money has been collected, the enactment of this law will disclose the fact, and it may be the means by which a few distinguished gentlemen can be sent to the penitentiary for using it, a thing that might contribute materially toward the purification of the political atmosphere in this country about election time.

Mr. OWEN. They will not use it if this act is passed.
Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. OWEN. I yield to the Senator.
Mr. POMERENE. I wish to suggest that even if such a fund has been collected, this legislation can be so framed that it can not be used.

Mr. OWEN. It would not be used in any event until just before the election; but if this bill is passed it can not be used in any improper way without great jeopardy to the political thieves guilty of corruption. I do not believe that the people of the United States are going to stand any more buying of elections in this country.

Mr. President, the parliamentary way is clear. This bill is on the calendar. The House of Representatives has acted. A conference can dispose of the matter within a day after the Senate shall consider it and, if it requires amendment, after it shall be properly amended. But to say that it will take a good deal of time, with the sinister suggestion that it will be debated to death, will not go in this Chamber any more without prompt exposure. If filibustering is really privately and secretly proposed by the Republicans against this bill, they are going to be compelled to publicly filibuster against it.

I notify the Senate that in due time I shall move the Senate to act upon it and it will be then for the Republicans to conduct an open filibuster if they see fit. They can not do it under cover. I know at least six good Republicans who will vote to take this bill up.

I say to the Senator that as far as I am concerned I am willing to stay here as long as is necessary to demonstrate either the passage of this bill or to determine to the satisfaction of the people of the United States the sinister opposition that will prevent it from being voted upon.

Mr. GALLINGER. Mr. President—
Mr. OWEN. I yield to the Senator.

Mr. GALLINGER. The Senator has not been very constant in attendance here and his colleague has disappeared from view.

Mr. OWEN. The Senator from Oklahoma, now addressing the Senate, has been here sufficiently to fully discharge every duty incumbent on him, and at this session has been as continuously present as the Senate except for a visit to Oklahoma of two days on an urgent business trip.

The Senator from Oklahoma has, through his committee, delivered the rural-credits bill, taken active part in having the child-labor bill he introduced passed, obtained a favorable report on cloture in the Senate, and is now presenting the corrupt-practices act, not to mention very many other acts he has personally prepared and had passed.

The presence of the Senator from Oklahoma and his urgent demand for a corrupt-practices act at all events will demonstrate that he is present now.

Now, Mr. President, I want to say to my colleagues that on the 15th day of July this corrupt-practices act was made a part of the legislative program of the Democrats for this session. I carefully examined the records of the Democratic conference in the hands of the secretary of that conference, Senator PRYMAN. I read with painstaking care every single resolution passed from that time to this. There has been no change either directly or indirectly of that action of the conference.

It is true that in an attempt to reconcile the Republicans to vote upon the legislative program which we had, they insisted upon naming certain particular bills and leaving off of the list the corrupt practices act. It is also true that on this side a poll was taken and a number were found who, because of the long time the session was taking and because of the anxiety to get

home and appear in their States, where they had campaigns pending, yielded to the suggestion; but the matter was not accepted then by the Republican side, and no obligation whatever rests on those who tentatively and conditionally consented to such proposed program, as the conditions utterly failed.

Mr. GALLINGER. Mr. President—

Mr. OWEN. I yield to the Senator from New Hampshire.

Mr. GALLINGER. I thank the Senator for yielding, because I want to say to the Senator that he has made a misstatement.

Mr. OWEN. I shall be glad to correct any statement I have made, if it be inaccurate.

Mr. GALLINGER. The majority submitted a list of measures which they desired to have passed at this session, and the corrupt-practices act was not on that list; so that the Senator must not say that the minority is responsible for keeping it off the list submitted by the majority.

Mr. OWEN. I am very glad to hear that disclaimer. I was certainly under the impression that the minority were responsible for keeping it off, but since the minority disclaims the paternity of this illegitimate child I know that no Democrat will consent to be known as its father.

Mr. PENROSE. And, Mr. President, if the Senator will permit me one brief observation—

Mr. OWEN. Certainly.

Mr. PENROSE. So far as I am concerned personally, I will go as far as the Senator from Oklahoma or any other Senator to pass a corrupt-practices law. I would even go to the extent of arbitrarily prohibiting the use of money in any election, completely stopping it; and I am willing to stay here all the rest of the summer and until the day before election, if the Senator wants to stay here with me and a sufficient number of other Senators will remain to make a quorum, to consider this bill, the immigration bill, and everything else on the calendar; but, in view of the fact that Senators want to go home and that we have been here a long while, anyhow, it seems reasonable that a bill like this, that requires the most careful thought, should have full opportunity to be considered. I will help the Senator get it up next winter, and help him pass some kind of a bill.

Mr. OWEN. The willingness of the Senator to stay here until the day before the election, possibly until the day after the election, considering the corrupt-practices act is really pathetic.

Mr. PENROSE. I take it, from all I have heard, that the Senator did not have this interest in election reforms during his own candidacy for reelection to the Senate.

Mr. OWEN. Well, the Senator might hear more and know less. I should not like to say what I have heard about some of the States and some of the things that have gone on in some of the States, very near the Senator from Pennsylvania, for fear that it would not be parliamentary. What I want to do is to stop the suspicions that are going around, even if they are not well founded, and to stop the corrupt practice that has dishonored our country.

This bill provides that—

No corporation or officer thereof on behalf of such corporation or from corporate property shall make any contributions whatever for political purposes. No funds shall be transmitted from one State into another for political purposes in excess of \$1,000 for each congressional district.

That will keep some of the money out of Oklahoma that might otherwise go there, and it will keep money out of Wisconsin, where, I am informed, on one occasion \$250,000 was sent by the chairman of the Republican national committee to defeat LA FOLLETTE for the Senate.

For that reason, among others, Senator LA FOLLETTE and his Republican friends, like Senators KENYON, CLAPP, NORRIS, and others, are for an adequate corrupt-practices act, as is every true Progressive, I suppose. Since the Republicans have pledged their loyalty to Progressive principles (and Progressive votes), let them show the integrity of their high and virtuous purposes now by voting for this bill, by helping constructively (and not destructively) to perfect this bill.

Mr. GALLINGER. Did the Senator observe how much money had been contributed to elect him [Senator LA FOLLETTE] on a certain occasion?

Mr. OWEN. I do not know that I have, but it would take some money to meet that kind of a fund against him. I want to stop the war of these funds. I do not believe that these large funds ought to be used either for or against a Senator. I think he ought to be allowed to go to his constituency with a clean case and contend for his cause on its merits, and not have it unduly influenced by money one way or the other.

Mr. PENROSE. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. PENROSE. If the Senator has not read it, I will say that former Senator Stephenson, in his memoirs, states that

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he spent about half a million dollars in Wisconsin in connection with the then regular organization there.

Mr. OWEN. Well, I have seen that statement also very vigorously denied by the Senator from Wisconsin [Mr. LA FOLLETTE], and I believe Senator LA FOLLETTE against his corrupt enemies.

Section 15 of the bill provides:

That every candidate and political committee shall securely keep and preserve, for a period of two years from the date of any primary or election at which such candidate was voted for or in which such political committee participated, all records, accounts, ledgers, cash books, canceled checks, check stubs, and other written or documentary evidence and the records of all receipts and expenditures made by him or it or on his or its behalf, and these records shall be, and are hereby, declared to be public records.

Not private records, but public records. They belong to the public; they vitally concern the public. This is not a private matter. A railroad president a few days ago had the unparalleled impudence to tell an officer of the United States—Mr. Folk—that the contributions of the railroads for political purposes were private matters; and yet those roads come here and claim to represent twelve thousand millions of dollars of property, and if they can use money ad libitum as a private matter the liberties of common citizens working at from \$2 to \$20 a day are gone to destruction.

Mr. GALLINGER. Mr. President, I will ask the Senator in all seriousness if the law that is now on the statute books does not prohibit corporations from contributing to political campaigns, and does it not cover substantially the same ground as his bill in that respect?

Mr. OWEN. Mr. President, the narrow limitation of the question of the Senator would carry an implication that is thoroughly untrue. It is true that corporations as corporations are forbidden from making such contributions; but this bill goes much further. It prevents the funds belonging to corporations being used, directly or indirectly; it prevents the hiring of employees for corrupt purposes. It goes much further, and prevents private individuals from being guilty of corrupt practices. Under the present law, I will say to the Senator from New Hampshire, the so-called publicity of the present statute relates only to committees operating in two or more States. It allows any committee to go on the inside of a State and allows any individual to go on the inside of a State and resort to any corrupt practice he pleases, without the Federal law laying a hand upon him. The law on the statute books is a fraud; it is—I was about to use unparliamentary language—it is an unspeakable fraud on the American people. It seems to promise them protection against corrupt practices, when, in fact, it does not protect them in the slightest degree. The so-called reports of campaign expenditures which are now sent to the Secretary of the Senate and Clerk of the House of Representatives are ridiculous. They do not include all the money expended on Federal elections, and the law does not require it. I know this law is a dastardly fraud, and every Senator here must know the same thing. How long, O Lord; how long!

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Mississippi?

Mr. OWEN. I yield to the Senator.

Mr. VARDAMAN. With the permission of the Senator, I will suggest that this bill is intended to strengthen the present law, to carry out the purpose of the American people in the enactment of that law. It does not impair the efficiency of the present law at all; but it is rather to strengthen it, to help to carry out, to execute, and make more effective the law already upon the statute books prohibiting corporations from contributing to campaign funds. If Senators desire purity in politics; if they really are in favor of preventing the corrupt use of money in elections, knowing, as they do, the utter inefficiency of the present law, it seems to me that they should embrace with enthusiasm the opportunity to perfect the bill proposed by the Senator from Oklahoma [Mr. OWEN] and pass it at once.

Mr. OWEN. I am praying you now, Senators, to make effective what the people of the United States thought they were getting when they got that old law. The old law they got was nothing but a cloak, behind which thieves could perpetrate the most dangerous, the most vicious of all crimes—stealing the governing powers of the people of the United States; stealing the presidential office; stealing the Senate; stealing the House of Representatives; stealing the power of taxation; and stealing the power to deny the right of life, liberty, and the pursuit of happiness to the citizens of this country.

Mr. President, I feel very strongly about this matter. I caused the corrupt-practices bill to be introduced on the first day of this session. It was duly reported. The House acted on a bill introduced in that body, and now the improved bill introduced in the Senate comes before the Senate in lieu of the House

bill, or as a substitute for the House bill. The parliamentary status is clear. There is nothing now to prevent action on the part of the Senate except a fundamental unwillingness on the part of some of our distinguished opponents on the other side of the aisle, who, under the color of debate, may, if they please, carry on a filibuster until the election.

Mr. SHEPPARD. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. SHEPPARD. Was objection made when the Senator asked unanimous consent?

Mr. OWEN. Every time when I have asked unanimous consent to vote on this bill at a fixed time Republican objection has been made. Last Saturday I asked unanimous consent, and to-day I asked unanimous consent.

Mr. SHEPPARD. Was objection made to-day?

Mr. OWEN. It was made to-day.

Mr. SHEPPARD. Who made the objection?

Mr. OWEN. It was made by the leader of the Republican side, the Senator from Utah [Mr. SMOOT], who is the chosen leader of that side and who vigilantly acts for the Republicans on all occasions.

One of the most important sections of this bill is section 16, which provides that no person not a candidate, and no organization, association, partnership, or committee not a political candidate under the terms of the bill shall contribute, pay, or expend, directly or indirectly, any money or thing of value for the purpose of influencing the elections except as a contribution to a candidate or to a political committee authorized by law to act.

I do not care to dig up the past. I understand perfectly well that the American people move slowly, move gradually as experience justifies, and they improve their system of government step by step, as knowledge justifies. All that I want to do is put a stop to the buying of elections in this country by private citizens who are multimillionaires, and who can spend millions of dollars without feeling it and then recoup themselves through the taxing power of the people by practices generally known as those of the "invisible government."

Mr. STONE. And expect to get it back.

Mr. OWEN. They would have defeated me in my State if money could have done it, and but for the honesty of the people of Oklahoma I would not now be here or making this appeal.

The bill further provides that no person shall contribute or pay to any candidate or political committee any money, funds,

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credits, or anything of value that belongs to or is under the control of any other person.

That is another loophole that is stopped up by this bill, because in dealing with thieves you must have a bill that is closely knit together. This bill has been carefully gone over by the Department of Justice and by the friends of justice, and we believe that it will hold water.

It provides also that legal expenses in election contests shall not be limited or affected by the bill.

It provides for punishment by imprisonment of those who violate it; and section 20 gives an immunity bath to persons who are testifying on behalf of the Government.

If a man is used as an instrumentality for buying up votes, he can be summoned and compelled to testify under this bill, being given an immunity bath under the bill. He can not throw himself behind the shield of the constitutional provision that no citizen shall be required to testify where his testimony will incriminate himself, by means of which skillful lawyers now prevent corrupt and corrupting witnesses from giving testimony, because this bill proposes to give an immunity bath. The man does not put himself in jeopardy, and he can be compelled under this bill to tell the truth, and it is the truth that the American people want. It is honesty in elections. It is that the jury passing upon the great issues of statecraft between the two great parties shall not be, by sinister means, misled, suborned, bribed, or coerced, and that no member of our great electorate shall be subjected to such temptation because of poverty or a because of dependence for employment upon those who have the power of life and death over him and his wife and his child, because he must have employment in order to eat bread.

Mr. President, I do not wish to detain the Senate on this matter, but I give notice that immediately after the vote on the revenue bill I shall move that the Senate proceed to the consideration of the corrupt-practices act. If my distinguished friends on the opposite side of the aisle want to conduct a filibuster—or as they more politely and craftily put it, if they "want to take sufficient time to consider carefully and discuss this important measure"—we will give them an opportunity. We will ascertain whether it is for the purpose of perfecting the bill or whether it is for the purpose of killing time. It will not take 24 hours to develop that fact, and only a few days to satisfy the American people perfectly well what the purpose of certain Republican leaders is in their hostility and opposition to the passage of a corrupt-practices act.

ARMED MERCHANT SHIPS

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

MARCH 4 (legislative day of
MARCH 2), 1917



WASHINGTON
GOVERNMENT PRINTING OFFICE
1917

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SPEECH
OF
HON. ROBERT L. OWEN.

The Senate had under consideration the bill (H. R. 21052) authorizing the President of the United States to supply merchant ships, the property of citizens of the United States and bearing American registry, with defensive arms, and for other purposes.

Mr. OWEN. Mr. President, it is my purpose to support the request of the President of the United States. I do so in the belief that the great body of the people of the magnificent State of Oklahoma who sent me here desire that I should do so. I do so because I believe a public exigency of the highest importance requires it. I do so trusting in the representation made by the President of the United States in his message to Congress a few days ago. I place the utmost reliance on the words of the President in asking for the means with which to protect our merchant ships. He said:

It is devoutly to be hoped that it will not be necessary to put armed force anywhere into action. The American people do not desire it, and our desire is not different from theirs. I am sure that they will understand the spirit in which I am now acting, the purpose I hold nearest my heart and would wish to exhibit in everything I do. I am anxious that the people of the nations at war also should understand and not mistrust us. I hope—

Says the President—

that I need give no further proofs and assurances than I have already given throughout nearly three years of anxious patience that I am the friend of peace and mean to preserve it for America so long as I am able. I am not now proposing or contemplating war or any steps that need lead to it. I merely request that you will accord me by your own vote and definite bestowal the means and the authority to safeguard in practice the right of a great people who are at peace and who are desirous of exercising none but the rights of peace to follow the pursuits of peace in quietness and good will—rights recognized time out of mind by all the civilized nations of the world. No course of my choosing or of theirs will lead to war. War can come only by the willful acts and aggressions of others.

Mr. President, before this unhappy war arose it was the international law—and I think that neutrals are still compelled under the rules of that international law to regard it now as the international law—that merchant vessels, with or without contraband, had and now have a free right to pass without being subject to destruction without notice through the high seas; that even those ships which carried contraband had and now have a right before being summarily sunk to be visited, to be examined, and an opportunity afforded to the crew of such vessels for safe conduct to port before being sunk.

I am not unaware of the exigencies with which the Imperial German Government is faced. The Imperial German Government can not command the high seas because of an ineffective naval force. The Imperial German Government, feeling keenly the blockade established by the superior naval force of the British Empire, has declared it a necessity of war to disregard the established international code and to carry on a submarine warfare that shall be ruthless, and to sink ships without notice

in a certain zone, armed or unarmed, contraband or not contraband, with or without cargo.

THE INTERNATIONAL LAW OF NEUTRALS.

It was hoped a year ago that the United States had arrived at an adjustment with the Imperial German Government. In my own judgment the reservation of the Imperial German Government that it reserved the right to carry on the submarine warfare without notice to ships, to sink them without notice, was a reservation that was not permissible or recognizable by our Government under the international law governing neutrals as it has been recognized prior to the breaking out of this great controversy in August, 1914. We can not change this law without violating our obligations as neutrals to other belligerents and setting a precedent which may fatally affect our own future. The President of the United States, in charge of the conduct of the foreign affairs of the United States, found himself compelled to deal with the Imperial German Government in numerous cases in which American vessels were sunk in which American citizens lost their lives, and he was compelled, as the Chief Executive of a great neutral power, to declare the duty of the United States and the rights of the United States under international law as it existed. He solemnly declared this law and is compelled by the laws of neutrality to maintain it. The President of the United States was not responsible for the ships owned by individual Americans going from one port to another upon business voyages, which they in the course of commerce had the right under international law to make. It was not contrary to but in accordance with international law that ships should carry munitions no matter if distasteful to any nation affected by it. The unfortunate thing for the German Empire was that because she could not command the seas this law gave an advantage to Great Britain and her allies because they could in greater degree command the seas.

The President was therefore compelled to take his course to defend the rights of the Government of the United States and of her citizens under international law. Having taken this step in pursuance of international law, the question with which he is confronted, as our representative, is, Shall he withdraw from the assertion of the rights of the United States as a great neutral or shall he stand firmly upon those rights, not changing them in the midst of this gigantic conflict, but observe them as he is obliged to do as a neutral? If he tried to change them, he would violate our neutrality with Great Britain and her allies and give them a serious grievance under international law against us. The question then is, when he is in this position under international law, whether the American people will hold up his hands or whether they will not do so.

In my judgment it would be a great national calamity if the people of the United States and if the Congress of the United States should refuse to hold up the hands of the Chief Executive of this Nation under these painful circumstances. The Imperial German Government has notified the world that all neutral ships of commerce, even if unarmed, free from contraband, loaded with passengers on lawful voyages, innocent of wrongful intent to anyone, will be sunk on the high seas without notice, without a chance for their passengers to escape

with their lives. That Government seems determined to force us to acknowledge her right in the midst of this conflict to change the law of nations and bring us in conflict with her antagonists. In that exigency the President of the United States calls upon Congress and says:

I ask a sufficient credit to enable me to provide adequate means of protection where they are lacking, including adequate insurance against the present war risks.

The question for Congress is, Shall that reasonable request be granted or shall it not?

Mr. President, if prayers or sacrifice could adjust this gigantic conflict in Europe we would all be glad, I think, to make our just contribution to secure peace on that torn and unhappy continent; but this conflict will only terminate by the triumph of the strongest arms. It is a conflict unrelenting, ruthless, carrying on means of destroying human life, gigantic, novel, and of extraordinary efficiency in the engines of destruction.

WE MUST CONSIDER THE FUTURE.

It is well for us, in considering the eventualities that will flow in the immediate future from the triumph of one or the other of these titanic forces to consider what these great powers in conflict stand for in relation to the United States if one or the other be victorious. On the one side I believe are ranged, in many forms, great democracies—Great Britain with her colonies and dependencies, France and Italy and Belgium and their colonies, Russia and her democratic people. On the other side are ranged many military autocracies, those of Germany, of Austria, of Bulgaria, of Turkey, ruling by so-called "divine right" and by organized military power and not "by the consent of the governed," except by the involuntary consent which dare not oppose superior force. On the one side are the ideals of democracy, of the right of the people to rule themselves justly and with liberty under the principle declared by Abraham Lincoln as expressed in his message to Congress, in which he said, "Let us have faith to believe that 'right makes might.'"

And on the other side is the military ideal that "MIGHT MAKES RIGHT."

THE DOCTRINE "MIGHT MAKES RIGHT"?

Mr. President, the doctrine that lies at the base of military autocracy is a fixed ideal of power alone, a permanent ambition to rule by force of the cannon's mouth and machine gun, an ambition long maintained and without the shadow of a doubt as to its significance. I call your attention to the bronze cannon on the north entrance of our War Department Building, a great cannon whose name is "Le Marechal le Duc d'Humieres," cast by the Bourbons nearly two centuries ago, and on its face in three different mottoes is this false doctrine that "might makes right."

At the mouth of the cannon you will find these words: "Le passe par tous"—"the passway through everything"—the cannon's mouth the passway, it may be, through justice and mercy and innocence and righteousness and industry and honor—"Might makes right."

On the base of that cannon you will find the words, "Nec pluribus impar"—"not unequal to many." The cannon commands the people, and is "not unequal to many." It can slay

and dominate and tax millions without the consent of the governed. On the body of that Bourbon cannon you will find the phrase, "Ultima ratio regum"—"the final argument of kings." When the people argue that right is right, they hear the final argument of kings—the cannon's roar—and learn that **MIGHT MAKES RIGHT.**

Do you think that this is merely a romantic suggestion cast in bronze in honor of le Duc d'Humieres? Not at all. The doctrine of armed power over the people with or without their consent is at the base of the German Empire to-day.

This was the doctrine of Frederick the Great and of his father, the Great Elector, and this is the doctrine of William, the present Emperor.

LOCAL DEMOCRACY RULED BY AUTOCRACY.

It is true that after the Franco-Prussian War Bismarck made many concessions to the democratic sentiment of the German people in the management of their local affairs and developed a very high degree of democratic efficiency through various forms of municipal ownership, so that in a city like Munich the people not only controlled, through their own municipal powers, such as city water works, city gas works, electric light, heat, and power plants, city hospitals, city schools, city tramways, but city bakeries, city packing houses, and city breweries.

The industrial conditions of Germany have been wonderfully stimulated by democratic cooperation among the people, stimulated by the Imperial Government, and the Imperial Government has provided many forms of democratic cooperation, such as State insurance against old age, industrial accidents, and diseases, vocational education, rural-credits associations, co-operative marketing and buying, the cartel system, State-owned railroads, telegraphs, telephones, and parcel post, etc.

The Imperial Government has thus greatly benefited the development of the German people and is entitled justly to very great credit for this service rendered to the people by using the powers of the people in the interest of the people.

This has led to a warm attachment of the people to their Imperial Government, and justly so; it has led to a magnificent development of the German people which is the admiration of all of the lovers of men, but, nevertheless, along with this splendid internal democratic organization there has remained the dominance of the German Empire by Prussia and the dominance of Prussia by the House of Hohenzollern, claiming to rule by *divine right*—the right to rule the people with or without their consent, the right to command the army and the navy, and the Emperor has become surrounded by a tremendous highly organized military power of which he is made, either willingly or unwillingly, the spokesman.

It was this group, I believe, who forced the sword into William's hand and compelled him to sign the order of mobilization the 1st of August, 1914.

THE SECRET TREATY OF VERONA—WORLD-WIDE DEMOCRACY THREATENED.

I call your attention again to the secret treaty of Verona, which I had printed in the CONGRESSIONAL RECORD on April 25, 1916, for the purpose of attracting the attention of this country to the policy which lies at the basis of these great contending powers. This treaty, the secret treaty of Verona, was framed by Metternich, of Austria, in 1822, after Napoleon had seized

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the organized powers of democracy and turned them into an engine of monarchy which out-Heroded Herod and was overthrown.

Listen to the philosophy and historical admonition of the secret treaty of Verona:

The undersigned, specially authorized to make some additions to the treaty of the Holy Alliance, after having exchanged their respective credentials, have agreed as follows:

ARTICLE 1. The high contracting powers being convinced that the system of representative government is equally as incompatible with the monarchial principles as the maxim of the sovereignty of the people with the divine right, engage mutually, in the most solemn manner, to use all their efforts to put an end to the system of representative governments, in whatever country it may exist in Europe, and to prevent its being introduced in those countries where it is not yet known.

ART. 2. As it can not be doubted that the liberty of the press is the most powerful means used by the pretended supporters of the rights of nations to the detriment of those of princes, the high contracting parties promise reciprocally to adopt all proper measures to suppress it, not only in their own States but also in the rest of Europe.

The King of *Prussia* and the Emperor of Austria were the real autocratic monarchs behind this deadly compact to destroy the democracies of the world and establish "world power" for themselves and their allies as the military autocrats of mankind.

Mr. LEWIS. Mr. President, will the Senator permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. OWEN. I yield to the Senator.

Mr. LEWIS. Would the Senator forgive me for merely calling his attention, in support of his very classic and historic address, to the fact that the very treaty to which he alludes had for its purpose the preventing of Spain and Portugal, which had broken out then into the form of a republic, from emulating the form of this, the United States of America, in both its democracy and republicanism of form, to prevent the spreading of our doctrines to Europe?

Mr. OWEN. Mr. President, this treaty continues, in the fourth article, as follows:

ART. 4. The situation of Spain and Portugal unite unhappily all the circumstances to which this treaty has particular reference. The high contracting parties, in confiding to France the care of putting an end to them, engage to assist her in the manner which may the least compromise them with their own people and the people of France by means of a subsidy on the part of the two empires of 20,000,000 of francs every year from the date of the signature of this treaty to the end of the war.

Spain had established a limited monarchy based on recognition to some degree of the rights of the people. These nations sent armies, under Louis XVIII, into Spain for the purpose of reducing this limited monarchy to an absolute monarchy, *with the same prince on the throne*. The contest was absolute military autocracy against any form of democracy. They sent an army into Italy also—an Austrian army—to reduce a like limited monarchy to an absolute monarchy, the same issue of absolute military autocracy against the principle of democracy, and then they proposed after succeeding in Spain and Italy to send their armies to the Western Hemisphere for the purpose of reducing all revolting colonies of Spain and Portugal, overthrowing western democracy and establishing absolute military autocracy and then it was that Great Britain, the greatest of all democracies, through Canning, the prime minister, notified the Government of the United States of this dangerous purpose, and

notified the Holy Alliance, so-called, that Great Britain would regard with disfavor any attempt by the Holy Alliance to reduce the revolting colonies of Spain and Portugal in the Western Hemisphere. The matter was considered by Thomas Jefferson, and he regarded it as the most important occurrence that had transpired since the establishment of the United States of America. It led to the doctrine, the so-called Monroe doctrine, in which President Monroe sent a message to Congress in which it was stated that the United States would regard it as an unfriendly act for any European power to attempt to establish its system of government on the Western Hemisphere, and that prevented the Holy Alliance from subjecting the Western Hemisphere to the powers of absolute monarchy which would have destroyed the democracies of the Western Hemisphere at their birth.

VON BERNHARDI.

Mr. President, in October, 1911, there was published a work of profound significance by Gen. Friederich von Bernhardt, translated by Allan H. Powles, entitled "Germany and the next war." I think it is generally understood and conceded that Gen. von Bernhardt represents the view of the military powers of Germany, that he may be fairly called a spokesman for that group, and for that philosophy, if we may call it philosophy. Let me read just a few words from Gen. von Bernhardt. He said that "A rude shock was needed to *awaken* the German people," to *awaken* the *warlike instincts* of the German people, and *compel* them to show their military strength. He speaks of them as "a peace-loving, almost too peace-loving, nation." He speaks of the good-natured character of the German people, and with that I agree, but he says that it is necessary to *move them to war*. He says:

I must try to prove that war is not merely a necessary element in the life of nations but an indispensable factor of culture in which a true civilized nation finds the highest expression of strength and vitality.

He says further:

Our people must learn to see that the maintenance of peace never can or may be the goal of a policy. The policy of a great State has positive aims. It will endeavor to attain this by pacific measures so long as that is possible and profitable.

He says further:

The inevitableness, the idealism, and the blessing of war as an indispensable and stimulating law of development must be repeatedly emphasized. The apostles of the peace idea must be confronted with Goethe's manly words:

"Dreams of a peaceful day?
Let him dream who may!
'War' is our rallying cry,
Onward to victory!"

Mr. President, he says:

The Great Elector laid the foundations of Prussia's power by successful and deliberately incurred wars. Frederick the Great followed the example of his glorious ancestors. He noticed how his State occupied an untenable middle position between the petty States and the great powers, and showed his determination to give a definite character (*decider cet être*) to his anomalous existence; it had become essential to enlarge the territory of the State and *carriger la figure de la Prusse*, if Prussia wished to be independent and to bear with honor the great name of KINGDOM. The King made allowance for this political necessity and took the bold determination of challenging Austria to fight. *None of the wars which he fought had been*

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forced upon him; none of them did he postpone as long as possible. He had always determined to be the aggressor—

Frederick the Great had always determined to be the aggressor, and he still is the idealized leader of the military group that now controls the German and the Austrian Empires, and we were given a testimonial of this idealism by the United States being presented by Wilhelm recently with a figure of Frederick the Great, which stands in front of our War College.

He had always determined to be the aggressor, to anticipate his opponents, and to secure for himself favorable prospects of success.

Mr. President, this book glorifies war. It has a chapter entitled "World power or downfall," and the outline of the next war is indicated, the forces that will take part in it, the part that must be played by the German Empire.

There is a wide distinction between the German people and their autocratic leadership that has led them to ruinous war.

Mr. President, I can hardly say whether I feel a keener sympathy for the unhappy people of Germany or the distressed people of France and Great Britain. The German people are by nature, outside the military autocrats, peace loving, good natured, lovable—the people of France and of Great Britain are by nature even more peace loving and lovable and are moved by a magnificent patriotism and spirit of joyful self-sacrifice and enthusiasm—but when Wilhelm gives the order for mobilization and for war the people of both countries are thrown into a frenzy of war, and the insane passion of war finds expression in unnumbered excesses and violence beyond all belief. When the order of mobilization was given by the Emperor of Germany it mattered not how peace loving or good natured or lovable the people were; they had no choice whatever but to respond to the battle cry. The German citizen had no choice but death except to march to the trenches under the command of this military autocracy, and, Mr. President, if this military autocracy wins in this war, if this military autocracy by virtue of this war can dominate the democracies of France and Italy and Great Britain and Europe, it will become, indeed, the "world power," idealized and prayed for by the military autocracy, and our country, from a peaceful, industrial, happy democracy, where liberty is idealized, may by military force be driven to become a part of a great military machine, controlled by the same forces which are in control now of the central Empires. Mr. President, if war does come by virtue of our sustaining our neutral rights, I shall be reconciled in the belief that at least the United States has at last thrown her great powers on the side of democracy, on the side of liberty and justice and mercy and humanity, on the side of the doctrine that "right makes might" and against the infinitely pernicious doctrine that "*might makes right.*"

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64TH CONGRESS }
2d Session }

SENATE

{ DOCUMENT
No. 737

Withdrawing Power from Federal Courts to Declare Acts of Congress Void

AN ADDRESS

DELIVERED AT THE AUDITORIUM IN OKLAHOMA CITY,
OKLA., JANUARY 27, 1917

By

HON. ROBERT L. OWEN
UNITED STATES SENATOR



PRESENTED BY MR. SHEPPARD
FEBRUARY 27, 1917.—Ordered to be printed

WASHINGTON
GOVERNMENT PRINTING OFFICE
1917

SENATE RESOLUTION NO. 383.

[REPORTED BY MR. CHILTON.]

IN THE SENATE OF THE UNITED STATES,
March 2, 1917.

Resolved, That the manuscript submitted by the Senator from Texas (Mr. Sheppard), on February twenty-seventh, nineteen hundred and seventeen, entitled "Withdrawing from the Federal Courts the Power to Declare Acts of Congress Void," an address by Senator Robert L. Owen, be printed as a Senate document.

Attest:

JAMES M. BAKER,
Secretary.

WITHDRAWING POWER FROM FEDERAL COURTS TO DECLARE ACTS OF CONGRESS VOID.

By Senator ROBERT L. OWEN.

Oklahoma City, Okla., January 27, 1917.

LADIES AND GENTLEMEN, FELLOW CITIZENS OF OKLAHOMA:

I come to speak to you on a matter which I regard as of very great gravity. It is the question of withdrawing from the Federal courts a power which they have long been permitted by Congress to exercise, to declare acts of Congress void as unconstitutional.

This country has reached a point where public opinion has slowly come to the conclusion that the refuge of monopoly is to be found in the Federal courts. This country has perceived many acts intended to protect human life, intended to safeguard the mass of men, nullified by the Federal judiciary.

Every monopolist and his attorney, actual, hopeful, or expectant [laughter], will swear by the Federal courts and the Constitution as by the Arc of the Covenant and rush to its defense like the Sons of Levy, especially when the Constitution is not being assailed but being properly interpreted.

I have demanded that Congress should exercise its plain, conceded, constitutional right and withdraw from the Federal courts the power to declare acts of Congress unconstitutional or void on grounds of public policy. [Applause.] I have made this demand because Congress can not otherwise protect the common people against predatory monopoly. [Applause.]

Congress can not otherwise furnish the American people the means by which to adjust the great questions arising between capital and labor, great questions affecting the business, political, moral, and physical life of the Nation.

I have, therefore, desired, as one of the public servants of Oklahoma, to be permitted to advise the people of this State to instruct their Representatives in Congress and in the Oklahoma Legislature to support my demand for the control of the Federal judiciary, if the people of Oklahoma wish to abate the high cost of living and to enjoy fully their inalienable and indefeasible rights of self-government.

One of the most skillful special pleaders in Oklahoma, a gentleman very attractive socially, of considerable learning, and of great oratorical power, has seen fit to throw himself at the head of the Sons of Levy in defending the Ark of the Covenant, which being interpreted means to defend the alleged right of nine learned lawyers, appointed for life, by previous administrations, and out of sympathy with the succeeding administration or with national public opinion but sitting on the Federal bench to nullify and abort the legislative power

of a hundred million people. In a burst of beautiful eloquence, he quotes the Holy Scriptures as the clarion call, and in the words of the Prophet Joshua, proclaims: "As for me and my house, we will serve the Lord." [Laughter and applause.]

In answer to this ringing challenge, I answer: "I am willing to serve the people, the common people, the commonest kind of people, and let them judge who the Lord is the Sons of Levy serve."

In order that you may clearly understand what it is I have proposed, and why, I present to you the following resolution:

Whereas the Constitution of the United States gives no authority to any judicial officer to declare unconstitutional an act which has been declared constitutional by a majority of the Members of the United States Senate and of the House of Representatives and by the President of the United States, who, on their several oaths, have declared the opinion in the passage of such act that it is constitutional; and Whereas in the Constitutional Convention, in which the Constitution of the United States was framed, the motion was three times made to give to the Supreme Court, in some mild form, the right to express an opinion upon the constitutionality of acts of Congress, and was three times overwhelmingly rejected; and

Whereas such assumption of power by the Federal courts interferes with the reasonable exercise of the sovereignty of the people of the United States and diverts it from the hands of the representatives of the people in Congress assembled to a tribunal appointed for life and subject to no review and to no control by the people of the United States, and is therefore against a wise public policy; and

Whereas the declaration by any Federal court that the acts of Congress are unconstitutional constitutes an usurpation of power: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the passage of this act Federal judges are forbidden to declare any act of Congress unconstitutional.

No appeal shall be permitted in any case in which the constitutionality of an act of Congress is challenged, the passage by Congress of any act being deemed conclusive presumption of the constitutionality of such act.

Any Federal judge who declares any act passed by the Congress of the United States to be unconstitutional is hereby declared to be guilty of violating the constitutional requirement of "good behavior" upon which his tenure of office rests and shall be held by such decision ipso facto to have vacated his office.

Sec. 2. That the President of the United States is hereby authorized to nominate a successor to fill the position vacated by such judicial officer.

(After resolution there was much applause.)

This resolution I intend to amend so that if any statutory Federal court thinks an act repugnant to the Constitution he shall certify the act to Congress and suspend final action on the case until further instructed by Congress on the point the court may raise and leave the appeal from State Courts as it now stands. In this way a safeguard will be provided against a possible inadvertence in any act of Congress.

The meaning of this resolution is that when inferior Federal judges, such as district, circuit, and other statutory judges, interpret an act which Congress has passed, they shall deem the passage of the act as establishing a conclusive presumption of the constitutionality of such act under penalty of vacating their office.

The resolution means that the Supreme Court will have no opportunity to pass on the constitutionality of an act of Congress under its appellate jurisdiction, which is the only jurisdiction in which such questions can arise, except from State Courts and under which is no probable danger to the public interest. Congress has the constitutional power to withhold from the appellate power of the Supreme Court the right to pass on the constitutionality of the acts of Congress. [Applause.]

The *McCordle* case, 1868: The Supreme Court decided in that case by unanimous opinion that Congress had that power. The Congress has that power, and the time has come for Congress to exercise that power.

The Supreme Court itself has many times sustained this interpretation, as in *Wiscart v. Dauchey*, 3 Dall., 321 (1796); *Duroussean v. U. S.*, 6 Cranch., 307 (1810); *U. S. v. Gordon*, 7 Cranch., 287 (1813); *Daniels v. C., R. I. & P. R. R.*, 3 Wall., 250 (1865); *In re McCordle*, 7 Wall., 510 (1868); *Nat. Ex. Bk. v. Peters*, 144 U. S., 570 (1891); *Col. C. C. M. Co. v. Turck*, 150 U. S., 138 (1893).

CONGRESS AND THE SUPREME COURT NOT COEQUAL.

The law schools have been teaching thousands of boys to be lawyers, have been teaching them that the Constitution established three coordinate, coequal branches of the Government. This is a fundamental error, because there were established three coordinate but not coequal branches of Government. The sovereign law-making power of the people, as far as they delegated such powers, were vested expressly in Congress, using these words:

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States or in any department or officer thereof.

Congress, by statute, established a Supreme Court, the executive departments, and fixed their powers in accordance with the Constitution and in accordance with the power vested in Congress as the law-making power.

Congress fixed the number of judges on the Supreme Court. It can add to that number now or it can diminish the number by an act of Congress.

Congress fixed the compensation of the Supreme Court.

Congress, through the Senate branch, confirms a justice of the Supreme Court before he can take his seat.

Congress can impeach the Supreme Court and remove that court from office. [Applause.]

Congress, under the Constitution, was expressly charged with fixing the appellate jurisdiction of the Supreme Court—and that's all the jurisdiction they have worth mentioning.

The Supreme Court has only original jurisdiction in all cases affecting ambassadors, other public ministers, and consuls, and those in which a State shall be a party. Only about one such case arises in 10 years. All other jurisdiction is appellate. One case in about 5,000 is under original jurisdiction, about 4,999 cases under appellate jurisdiction.

Congress has the duty imposed upon it under the Constitution to fix that appellate jurisdiction and make such exceptions and such regulations as Congress sees fit.

THE POWERS OF CONGRESS.

I am talking now of the power of Congress under the Constitution without changing the Constitution, without modifying its meaning, without putting a strained interpretation upon it. I am talking now

of the power. I shall talk presently of the duty of exercising that power and give you the reasons why I think the time has come to exercise it.

The Constitution, Article I, section 1, declares the following powers vested in Congress. I wish you would listen to these powers of Congress:

All legislative powers herein granted shall be vested in the Congress of the United States, which shall consist of a Senate and House of Representatives.

It gave the House of Representatives and the Senate the power to impeach any officer of the United States, including judges. It gave the Senate the power to sit as a high court of impeachment over judges. It gave the Senate the right to advise with the President of the United States and confirm the appointment of all officers of the United States, including judges.

It gave each House the authority to determine its own membership and its own proceedings.

It exempted the Members of the Senate and the House from arrest by judges except for treason, felony, breach of the peace.

It provided that they should not be questioned in any place about any speech or debate in either House, not even by judges.

It gave Congress the power to lay and collect taxes, duties, imposts, and excises; to pay the debts and pay for the common defense and general welfare of the United States.

To borrow money. It has borrowed billions of dollars.

To regulate commerce. It has regulated hundreds of billions of commerce.

To establish a uniform rule of naturalization and uniform laws on the subject of bankruptcies.

To coin money, to regulate the value thereof and of foreign coin, and fix the standard of weights and measures.

To punish counterfeiters.

To establish post offices and post roads.

To grant patents and copyrights. It has granted over a million patents.

To constitute tribunals inferior to the Supreme Court.

To define and punish piracies and felonies committed on the high seas and offenses against the law of nations.

To declare war, grant letters of mark and reprisal, and to make rules concerning captures on land and water.

To raise and support armies.

To provide and maintain a navy.

To make rules for the government and regulation of the land and naval forces.

To provide for calling forth the militia to execute the laws of the Union, suppress insurrection, and repel invasions.

To provide for organizing and disciplining the militia, and for governing such part of them as may be employed in the service of the United States.

To exercise authority over all places purchased by Congress, carrying into execution the foregoing powers and all other powers vested by the Constitution in the Government of the United States or in any department or officer thereof, including the judicial department.

The Constitution expressly provides that Congress shall not do certain things, for instance:

It forbade interference with the slave trade up to 1808.

It forbade the suspension of the writ of habeas corpus except where the public safety required it.

It forbade a bill of attainder or ex post facto law.

It forbade a capitation or other direct tax on the States unless in proportion to the census.

It forbade an export duty.

It forbade a preference to be given to the port of one State over another.

It forbade expenditure of money except by lawful appropriations.

It forbade titles of nobility.

And the people refused to ratify that Constitution until the Bill of Rights in the 10 amendments were agreed to be added to that Constitution and made a part of it. In that Bill of Rights were reserved the various rights of the people, which Congress was charged with the duty of defending, as follows:

The first, free religion. The gentlemen who wrote that Constitution forgot to put that in. [Applause.]

Free speech.

A free press. The gentlemen who wrote that Constitution forgot to put that in. Thomas Jefferson demanded that they go in.

Free right of assembly.

Free right of petition for redress of grievances. The gentlemen who wrote that Constitution forgot to put those things in.

The right of the State to have troops.

The right of the people to keep and bear arms.

The right of the people to be free from the quartering of soldiers upon them.

Freedom from unlawful searches and seizures.

Freedom from arrest for crime except on indictment.

The right of life, liberty, and property, not to be interfered with except by due process of law.

The right against taking private property for public use, without just compensation.

The right for speedy public trial by an impartial jury. The gentlemen who wrote the Constitution forgot to put all those things in. And when they came home and saw Thomas Jefferson they heard from him, and others like him, and they heard from the people of the country, too. They could not have had the Constitution ratified except for that Bill of Rights, put in this Constitution.

The right to be informed of the nature of the accusation against a citizen.

The right to be confronted with witnesses against a citizen.

The right of compulsory process for obtaining witnesses.

The right to have counsel in the defense of the rights of a citizen.

The right to a trial by jury.

The right against excessive bail, excessive fines, or cruel or unusual punishment.

The gentlemen who wrote this Constitution forgot to put those things in, but this Bill of Rights safeguarded the people, and it was on the demand of the people and of men like Thomas Jefferson, who believed in the people and stood for them, that this Bill of Rights went into this Constitution. [Applause.]

THE PEOPLE ALONE CAN CONTROL CONGRESS.

I refer to that because it is a part of this argument.

My friend, Judge Charles B. Stuart, quotes with great zeal Alexander Hamilton, Gerry, and others, who didn't believe in democracy, who regarded "all political evils as due to the turbulence of the democracy."

Alexander Hamilton believed in a President appointed for life, with the right to appoint governors of States for life, consisting of those who were representing the aristocracy of the country, in order that the people might be held in subjection and governed **according to law.** [Laughter and applause.]

THE PEOPLE CONTROL CONGRESS.

These instructions which I have read to you were laid upon the Congress by the people, and the people retained in their own hands all powers not expressly granted to Congress. Congress was charged with the lawmaking power of the people, **subject to the people themselves alone.**

And the people took every pains in this Constitution to require the entire House of Representatives and one-third of the Senate, every two years, to come back before the people and give an account of their stewardship, and receive the approval of the people before they continued the duty of making laws for the people. In that way the people kept in their own hands the sovereignty which was declared vested in them by the Bill of Rights in every one of the 48 States in this Union. Read these constitutions.

On the 31st of July, 1911, I put in the Congressional Record an extract from the constitution of each of the 48 States on this very point, because at that time, five years or more ago now, when the Standard Oil decision was rendered I made a demand for the control of the Federal judiciary, and I put in the record then the power which the people of this country had retained over the State judiciary. The people kept control of Congress, and when Congress passes a law in pursuance of the Constitution, the Congress itself declares that law to be the Supreme law of the land and does not say that the law may be declared void by the judges. [Much applause.]

Unhappily, Congress not having in express terms forbidden this unwise practice Congress may be fairly held to have acquiesced in it.

The Constitution requires every Senator and every Representative in Congress to take a solemn oath to support faithfully and truly the Constitution of the United States.

When, on their oaths, the members of the House of Representatives of the United States, and the United States Senate, with the approval of the Vice President of the United States, who presides over the Senate of the United States, and with the approval of the President of the United States, passes an Act, a conclusive presumption arises that the act is constitutional, and this presumption can only be overthrown by the disapproval of the people of the United States, who will return a new Congress and correct any unconstitutional or impolitic acts of an expiring Congress. [Applause.]

THE SUPREMACY OF THE LEGISLATIVE POWERS OF OTHER NATIONS.

No civilized nation permits the judges on the bench to declare unconstitutional or void the acts of the Parliament. Great Britain, in 1700, February 6, declared that judges should hold their office "while they behaved themselves well," subject alone to removal by resolution of Parliament. That is what I proposed in 1911 for the United States. I thought the time had then come for that rule in the United States.

France does not permit the laws of Parliament to be set aside by the judges.

Italy, in its written constitutional law, provides that the judges shall not set aside an act of the Parliament.

It is the written law of Austria.

It is the written law of Germany.

It is the written law of Belgium.

It is the written law of Denmark.

It is the written law of Australia.

It is the written law of New Zealand.

I speak of these things because the civilized world which has considered government *by the people*, having all agreed upon this doctrine, there must be sound reason for it. It is not an accident. It is written out of the blood and tears of centuries. [Applause.]

It is true that in 1788 several lawyers of distinction (and privilege) contended that the contemplated Supreme Court of the United States should have the right to declare acts of Congress unconstitutional. Judge Stuart quotes several of them. He quotes Daniel Webster; he quotes Oliver Ellsworth; he quotes John Marshall and Alexander Hamilton. All I care to say now is that the selfish opinions of such lawyers of aristocracy were no more convincing then than they are now. [Applause and laughter.]

Oliver Ellsworth, and Daniel Webster, and Alexander Hamilton and John Marshall did make that argument to the great property holders of their States with a view to getting their support for the Constitution, because the Constitution needed friends at that time, but John Marshall, who spoke equally well on either side of the case, defended the Constitution against the charge of Patrick Henry that it would establish a judicial despotism by the following remarks. I want you to listen to John Marshall because he is the patron saint of all the gentlemen who differ with me about this question. Here is what John said. I will not call him by a more familiar name. [Laughter.]

Congress is empowered to make exceptions to the appellate jurisdiction as to law and fact of the Supreme Court. These exceptions certainly go as far as the legislature may think proper for the interest and liberty of the people. (Elliott's Debates, vol. 3, p. 560.)

The plain truth is, the people of the American Colonies who lived under the English practice recognized as a fixed principle of government that the judiciary is subject to the legislative power of the people. The English law that I referred to a moment ago was to that effect, and that law was the law of the Colonies, which they perfectly well understood. It is true that Rhode Island did about this time pass an act which its supreme court declared unconstitu-

tional. It is also true that the legislature put the court out of office for that reason.

It is also true that two or three other States had a similar experience, and the court was rebuked by the people for its conduct in this matter.

The Legislature of New Hampshire removed its supreme court four times on the ground of policy.

On July 31, 1911, in Congress, and before the Bar Association of Oklahoma on the 23d day of December, 1911 (vol. 5), I explained the extraordinary pains the people of the United States have taken to prevent the usurpation of their power by the judges.

Now, listen to this. Here is what the people at home think—here is what the common people think; you will find the details in Volume 5:

THE PEOPLE CONTROL THE STATE JUDICIARY.

Forty-eight States have two ways of removing judges by impeachment, and either by a short tenure of office or by resolution of the legislature. Thirty-two States have three ways of removing judges. Thirty-two States may remove judges by resolution of the State legislature. Seven States have four ways of removing judges, viz, impeachment, legislative recall, short tenure of office, and popular recall.

They started the popular recall in Oregon, first, because of the gross aggression of the railroad interests and other private interests of the State, which had corrupted practically their whole government in the interest of property against the people. The recall was applied to all officials; no exception was made as to judges. The judges of that State now would compare favorably with those of any other State. And they did the same thing in California recently for the same reason, Hiram Johnson making his campaign for governor and winning overwhelmingly, when the chief issue was the recall of judges and on the slogan that "the Southern Pacific has got to go out of the governing business in California." Do not make any mistake about this matter.

Forty-five States recall judges by a short tenure of office and all the States, the 48 States, have the right of impeachment. No one ever hears any complaint of our State judiciary for the very reason the judiciary is in sympathy with the people and serve them acceptably.

Oklahoma, as we all know, has reason to be especially proud of her supreme court. Its members are nominated and elected by the people and the justices of the supreme court are in sympathy with the people.

THE PEOPLE WISH THE FEDERAL JUDICIARY RESTRAINED.

The people are overwhelmingly opposed to the usurpation of legislative power by the Federal judiciary appointed for life.

Nobody knew better than John Marshall himself that the Supreme Court had no right to declare an act of Congress void under the Constitution, for in the case of *Ware v. Hilton*, John Marshall stated—

now listen to the patron saint of the opposition—this is John, John Marshall whom I am quoting:—

The legislative authority of any country can only be restrained by its own municipal constitution; this is a principle that springs from the very nature of society, and the judicial authority can have no right to question the validity of a law unless such jurisdiction is expressly given by the Constitution.

The word "municipal" is used in the broadest sense.

This is John Marshall. And nobody pretends that there is any express provision in the Constitution of the United States conferring any such authority.

The highest authority on English and American law has been Sir William Blackstone. He is the one that all law clerks, law schools, and law students swear by. Listen to Sir William. He says:

When the main object of a statute is unreasonable the judges are not at liberty to reject it, for that were to set the judicial power above that of the legislature, which would be subversive of all government. (Blackstone's Commentaries, p. 85, sec. 3.)

I have to talk in the language of the lawyers, otherwise I would not perhaps be understood by them.

A VOICE. Judge Stuart forgot to say that.

Senator OWEN. Perhaps he had not recently read Blackstone.

Thomas Jefferson had a view full of apprehension after John Marshall came on the bench.

The Congress did not rebuke Marshall for the *Marbury v. Madison* case, and Thomas Jefferson didn't see the way clearly how to protect the country against that aggression, and this is what he said:

It has been my opinion that the germ of dissolution of our Federal Government is in the constitution of the Federal judiciary, an irrepressible body working like gravity by day and by night, gaining a little to-day and a little to-morrow and advancing with a noiseless step like a thief, over the field of jurisdiction, until all shall be usurped. (Federal Law Journal, vol. 66, p. 293.)

I beg you to observe that I quote the page whenever I make a reference. Judge Stuart neglected to do that.

Evidently Jefferson did not observe the power of Congress to limit the appellate jurisdiction of the court. If he had, he would not have been afraid at all. The country is in no danger on earth; the Constitution is all right, doesn't have to be changed; it only has to be exemplified and decently interpreted and made to accomplish the ends for which it was intended.

Andrew Jackson is another authority I want to call your attention to. Do you remember what he said of John Marshall in a famous case? He said this:

John Marshall has rendered his decision. Now let us see him enforce it.

That is what Jackson said, but I want to quote you the language of Jackson in the case of the Bank of United States. Jackson said this:

It is maintained by the advocates of the bank that its unconstitutionality, in all its features, ought to be considered as settled by precedent and by the decision of the Supreme Court. To this conclusion I can not assent. * * * If the opinion of the Supreme Court covered the whole ground of this act, it ought not to control the coordinate authorities of this Government. The Congress, the Executive, and the court must each for itself be guided by its own opinions of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it and not as it is understood by others. It is as much the duty of the House of Representatives, of the Senate, and of the President to decide upon the

constitutionality of any bills or resolutions which may be presented to them for passage or approval, as it is of the Supreme Court, when it may be brought before them for judicial decision. The opinion of the judges has no more authority over Congress than the opinion of Congress has over the judges; and on that point the President is independent of both. The authority of the Supreme Court must not, therefore, be permitted to control the Congress or the Executive when acting in their legislative capacities, but to have only such influence as the force of their reasoning deserve. (Senate Journal, July, 1832, p. 451.)

President Jackson overlooked the fact that Congress has the power to impeach the President and the Supreme Court and that Congress therefore exercised the sovereign law-making power of the people, but he states correctly that "the Supreme Court must not be permitted to control the Congress."

My friend, Judge Ames, I fear did not clearly understand President Jackson's view in his remarks on "Jackson's day" when he quoted him as authority against my position.

President Jackson overlooked the power of Congress to control the appellate jurisdiction of the Supreme Court, which would make it impossible for the Supreme Court to put itself in mischievous conflict with the sovereign lawmaking power of the Nation.

Abraham Lincoln (I want you to see that I have some friends along the line here; I am not entirely alone) resisted the Dred Scott decision and said that he would not oppose the decision as far as it related to the slave individually, and then he said these memorable words:

But we, nevertheless, do oppose that decision as a political rule which shall be binding on the voter to vote for nobody who thinks it wrong; which shall be binding on the Members of Congress or the President to favor no measure that does not actually concur with the principles of that decision. * * * We propose so resisting it as to have it reversed, if we can, and a new judicial rule established upon this subject. (Works of Jefferson, vol. 12, p. 163.)

Well, he had some trouble in reversing it. It took the bloodiest war in our history to reverse it, and four years of fratricidal strife, and billions of treasure; with grief, sorrow, heartburning and bitter hatred that lasted for generations.

It is hard to reverse the decisions of the Supreme Court by that kind of a method, *but it was reversed*. They declared in the Dred Scott decision slavery a constitutional right. Well, the people didn't think so, and the people changed that decision. The Supreme Court held the Missouri compromise on slavery unconstitutional and void in the Dred Scott decision and held in effect that Congress had no power as a forum to settle the question of slavery as long as a single slaveholder objected. This decision inflamed the North and led to the withdrawal of the Southern States and to war.

THE CONSTITUTIONAL CONVENTION, 1788.

In the Constitutional Convention which framed this United States Constitution, Edmund Randolph, on June 4, 1787, proposed the following resolution:

Resolved, That the Executive and a convenient number of the national judiciary ought to compose a council of revision, with authority to examine every act of the National Legislature *before it shall operate* * * * and that the dissent of said council *shall amount to a rejection* unless the act of the National Legislature be again passed. (Elliott's Debates, vol. 1, pp. 159, 164, 214.)

They didn't propose to finally veto an act of Congress and never let it go into effect. They only proposed to have a temporary veto, and if Congress insisted on passing it then let it be the law, but even that moderate proposition was three times defeated and never received the vote of over 3 States out of the 13.

A like proposition was also rejected August 5, 1787. (Elliott's Debates, vol. 1, p. 243.)

Only 11 members of the Constitutional Convention out of 65 favored giving the judiciary *any control*. These were Blair, Gerry, Hamilton, King, Mason, Morris, Williamson, Wilson, Baldwin, Breatly, and Livingston.

Hamilton, Morris, Gerry, and several others of this group were known to be strongly opposed to democracy.

George Washington, Charlie Pinkney, James Madison, and many others, 22 in number, are known to have expressly opposed any judicial veto. There were 65 members and only 11 on record as favoring any form of judicial interference with the legislative powers. (This is fully set up in Davis on Judicial Veto, p. 49.)

The Constitution, however, speaks for itself; it puts the sovereign power in Congress, the power to control the appellate jurisdiction, and thus to prevent the exercise of the judicial veto, if it is attempted.

The judicial veto has been attempted.

It has been exercised.

It has been proven highly mischievous.

It has become unendurable. [Applause.]

MARBURY *v.* MADISON CASE.

John Marshall was a federalist, an aristocrat, a reactionary, a man of considerable ability, with a consuming desire for power, great tenacity of purpose, and a great hatred for Thomas Jefferson and his doctrines.

John Adams, the federalist, took advantage of the election of Jefferson, the democratic republican, to put John Marshall, the federalist, on the bench as Chief Justice for life, as one of his last acts before he turned over the Government to Thomas Jefferson. Keep that in mind, because it meant trouble, and here comes the first trouble. In *Marbury v. Madison*, John Marshall violated the first principles of government of the English-speaking people in assuming the right to declare void the will of the National Legislature.

Congress (under Art. III, sec. 1), in distributing the judicial powers of the United States, when it established the Supreme Court by the judiciary act of 1789, gave the Supreme Court, wisely and justly, and lawfully *in addition* to its "original" jurisdiction, the right to issue a writ of mandamus as a part of the judicial powers of the United States. Why, a little citizen having a case against a great Cabinet officer could hardly expect to get his relief from a small subordinate officer of the judiciary department. When he makes a demand on the Secretary of State for his right he ought to have the backing of the very highest judicial authority—one that can speak to the Secretary of State on terms of some comparative equality.

John Marshall struck down that right on the pretense that Congress had no right to add to the "original" jurisdiction of the Supreme

Court. Congress did not add anything to the "original" jurisdiction of the Supreme Court. The Constitution placed the judicial powers of the United States in the Supreme Court and in such inferior courts as Congress should establish, and Congress, in pursuance of that authority, gave the right of issuing the writ of mandamus to the Supreme Court, as it had a plain constitutional right to do.

A little fellow named Marbury, in the District of Columbia, had been appointed notary public by the retiring administration; his commission had been made out; it had been signed by the President, by the Secretary of State, had the seal on it, and was lying on the table of the Secretary of State for delivery. The incoming Secretary of State refused to deliver it, and Marbury went to John Marshall, Chief Justice of the Supreme Court of the United States, and asked to have a writ of mandamus issued on the Secretary of State to deliver that commission. John Marshall said "no"; that Congress has no right to authorize the Supreme Court to issue writs of mandamus; that was unconstitutional on the part of Congress. And when he refused that jurisdiction of a writ of mandamus he seized the power to declare an act of Congress void, and, therefore, attempted to make himself the judicial ruler of the United States, by exercising a judicial veto over Congress.

The Congress of the United States ought then and there to have impeached John Marshall. [Loud and continued applause.] He was guilty of a violation of the true meaning of the Constitution; he himself in that act violated the spirit and purpose and meaning of the Constitution, and he assumed the sovereign power over the legislative agents of the people of the United States. He held office for life, and there was no way for the people to get at him except by impeachment, a hard and a difficult remedy. A great many men who would think he was wrong in his opinions, who would think that he had done very wrong, would hesitate long before they would use that drastic power, which exercised over a Supreme Court Judge blasts his name for all history. The remedy is too drastic for the offense, because, after all, the Congress can prevent the recurrence of that kind of thing simply by removing the appellate jurisdiction.

Jefferson denounced Marshall as a thief of jurisdiction, and Marshall never repeated that offense.

It was 53 years before it was repeated, in 1856, and then, in the Dred Scott case, it caused the enormous catastrophe of the Civil War.

FLETCHER VS. PECK CASE.

The next mischievous step taken by John Marshall of national importance was in *Fletcher v. Peck*, where an act of the Georgia Legislature correcting a previous fraud was declared "unconstitutional." In this case the legislature of Georgia had been deliberately corrupted with money by four land companies and induced to pass an act conveying, without adequate compensation, an enormous grant of land, some 40,000,000 acres, belonging to the people of Georgia. The people of Georgia were enraged over it. They came together, turned out the legislature; they elected a new legislature; the new legislature immediately repealed the act. It came up before John Marshall's court, and after solemnly considering it he decided that a State didn't have the right to pass an act "impairing the obligation

of a contract." The most mischievous consequences followed. It was only necessary thereafter to corrupt a legislature and get the grant made—that settled it.

Since that time many courts have announced a wiser principle: That fraud vitiates a contract; that it is no contract when it is obtained corruptly.

DARTMOUTH COLLEGE CASE.

A far more dangerous opinion followed this *Fletcher v. Peck* case. It was the Dartmouth case—a case that didn't seem to be of any importance at all. The legislature of New Hampshire passed an act increasing the number of trustees of Dartmouth College. The old trustees were Federalists; the new trustees anti-Federalists. Marshall and Washington were Federalists; they opposed the act of the legislature. Duval and Todd supported the legislature. Marshall succeeded in preventing a decision at that term, and by a political campaign the other three judges, Johnson, Livingstone, and Storey, were persuaded to agree with Marshall. (*Life of Webster*, by Lodge, p. 1-88.)

Listen to these words. Mr. Lodge says:

The whole business was managed like a quiet, decorous, political campaign.

Chancellor Kent says the decision in that case did more than any other single act proceeding from the authority of the United States to throw an impregnable barrier around all rights and franchises derived from the grant of government. (*Kent's Commentaries*, p. 419.)

Fifty years later Mr. Chief Justice Cole, of the Iowa Supreme Court, said:

The practical effect of the Dartmouth College decision is to exalt the rights of the few above those of the many. And it is doubtless true that under the authority of that decision more monopolies have been created and perpetuated and more wrongs and outrages upon the people effected than by any other single instrumentality of the Government. (*Dubuque v. Ry. Co.*, 39 Iowa, 95.)

Listen to what Judge Cooley, the great constitutional lawyer, says:

It is under the protection of the decision of the Dartmouth College case that the most enormous and threatening powers in our country have been created. Some of the great and wealthy corporations actually having greater influence in the country at large, and upon the legislation of the country, than the States to which they owe their corporate existence. Every privilege granted, or right conferred—no matter by what means or on what pretense—being made inviolable by the Constitution, the Government is frequently found stripped of its authority in very important particulars by unwise, careless, and corrupt legislation; and a clause of the Federal Constitution whose purpose was to preclude the repudiation of debts and just contracts, protects and perpetuates the evil. To guard against such calamities in the future, it is customary now for the people in forming their constitutions, to forbid the granting of corporate powers except subject to amendment and repeal, but the improvident grants of an early day are beyond their reach. (*Cooley on Con. Lim.*, 279.)

When the Supreme Court declared the Missouri compromise, passed by Congress unconstitutional and slavery a constitutional right, it took a frightful war to settle the error of this judicial usurpation.

When the Supreme Court declared the legal tender act void, they took from the Government one of the strongest instrumentalities for the protection of the great Republic in time of war.

This gross error was corrected by reversing it. Gen. Grant did that by appointing two new judges in favor of the legal-tender act whose votes corrected the error of the Supreme Court by reversing the court. It was an undignified remedy but better than none. Congress has this right now, but the American people do not and will not approve any such practice. The judges on the Federal bench ought to represent the matured judgment and will of the American people.

INCOME-TAX CASE.

When the Supreme Court declared the income tax void and transferred the taxes from the wealth of the country, which is protected by the expenditure of such taxes, it disregarded the will of the people of the United States and of Congress, vetoed the action of the House of Representatives, of the United States Senate, and of the President, reversed the decisions of the Supreme Court of the United States for a hundred years, and it took the people 16 years to correct it by a constitutional amendment, at a cost to the consuming masses of over \$1,600,000,000.

SHERMAN ANTITRUST ACT.

When the Supreme Court declared the Sherman antitrust law only intended to prohibit *unreasonable* restraint of trade, they rendered the act nugatory and void. The effect of this decision was to enthrone monopoly and to raise the cost of living.

EIGHT-HOUR LAW.

If the Supreme Court should now nullify the eight-hour law and the railways of the country should arm several hundred thousand strike breakers with guns and pistols to face several hundred thousand conductors, engineers, firemen, and brakemen, and their sympathizers, no man can foresee the harmful consequences of such judicial veto of the act of Congress.

THE REMEDY FOR THE JUDICIAL VETO.

The remedy which I have proposed is very simple.

The Constitution gives Congress all the power necessary.

All that Congress has to do is to pass the resolution I have proposed. The Constitution gives Congress entire control of the appellate jurisdiction of the Supreme Court in the following words:

In all cases affecting ambassadors, other public ministers and consuls, and those in which a State shall be a party, the Supreme Court shall have original jurisdiction. In all other cases before mentioned the Supreme Court shall have appellate jurisdiction both as to law and fact, with such exception and under such regulation as the Congress shall make.

The power of Congress in this matter was passed on in the case of William H. McCardle, an editor in southern Mississippi, arrested by Maj. Gen. Ord who was putting into effect the reconstruction Act in 1868. McCardle sued out a writ of habeas corpus from the circuit court to the Supreme Court of the United States. The

Supreme Court refused to exercise appellate jurisdiction and dismissed the case on the ground that Congress had withdrawn appellate jurisdiction in such habeas corpus cases, and that Congress had the constitutional power to do so. It was a unanimous opinion. The court said:

We are not at liberty to inquire into the motives of the legislature. We can only examine into its power under the Constitution, and the power to make exceptions to the appellate jurisdiction of this court is given by express words.

What, then, is the effect of the repealing act upon the case before us? We can not doubt as to this. Without jurisdiction the court can not proceed at all in any cause. Jurisdiction is power to declare the law, and when it ceases to exist the only function remaining to the court is that of announcing the fact and dismissing the cause. And this is not less clear upon authority than upon principle.

It is obvious, therefore, that we have no occasion to discuss the past history of the Supreme Court on the point of whether they have usurped jurisdiction in declaring congressional statutes void. We need not go into the past. We might say that since Congress has permitted the right without protest to pass upon acts of Congress, that it was not unreasonable that the Justices should think themselves justified in exercising the power of saying an act of Congress was unconstitutional. I am willing to acquiesce in that for the purpose of the argument but not historically. My proposition deals with the future, not the past.

I have demonstrated without the possibility of a doubt that this power is in Congress, and conceded to be in Congress by a unanimous opinion of the Supreme Court of the United States.

And I call your attention to the remarkable fact that my friend, Judge Stuart, in answering me, never made reference to that fact.

A VOICE. Maybe he forgot it.

Mr. OWEN. Yes; maybe he forgot it.

Now, the justification for the withdrawal of these cases from the Supreme Court I am going to state very briefly:

These decisions which have been rendered have been against your interest.

I want you to know that in my mind is no purpose to lower the dignity of that great court. I respect and honor that great court; I respect the learned and able gentlemen who comprise that court, individually and personally; I believe in their integrity of mind; I believe in their learning; I believe in their high personal honor; but I tell you also that I believe when you have a jury of Irishmen you will get a home-rule decision. [Laughter and applause.]

FALLIBILITY OF MAN AND OF JUDGES.

All men are fallible. Even judges are fallible. On the Supreme Court, every season cases are decided by the hundreds, as the term goes by, in which constantly there is a minority of judges on one side and a majority of the judges on the other, and every time the majority decides a case against the minority there is a judicial ascertainment by the Supreme Court of the United States as to the fallibility of each one of the members on the minority—did you get that?—and there isn't a week that some of those judges are not in the minority, so that we have every day through the term the judicial ascertainment by the majority of the Supreme Court of the United

States of the fallibility of every one of its own members. Why, there is nothing surprising about that—everybody knew that, of course. Just happened not to think of it? They are human beings after all.

Just look at this Income Tax case, and look at the dogma of the Supreme Court on the question of deciding an act unconstitutional only when the unconstitutionality is overwhelmingly established, and only when there is no doubt about the unconstitutionality of the act. The professional dogma of the court is to give all benefits of the doubt in favor of the constitutionality. The trouble about the dogma is they never pay any vital attention to it. It is only a theoretical dogma; it is not real; I will show you why. Here is the Income Tax case. For a hundred years the Supreme Court had sustained the right of Congress to pass an income-tax law. Here was the income-tax law, passed by the House of Representatives, they said it was constitutional; passed by the Senate, they said it was constitutional; approved by the President of the United States, he said it was constitutional. Here are the decisions of the Supreme Court of the United States for a hundred years, and they said it was constitutional, and here were five judges on the bench, on the first vote, they said it was constitutional, and then Judge Blank reversed himself over night and joined the other four, which made them five, and then they decided in spite of this dogma that there was no doubt whatever about its unconstitutionality. Now, that is quite a remarkable thing. Here is Judge Blank in that case who, when he first voted it was constitutional, judicially ascertained the fallibility of the other four minority members of the court; and then when he changed his mind and joined the four minority members and made them five, he judicially ascertained the fallibility of the four he had just left, and since he was on both sides he must have been fallible. And there was a demonstration of the fallibility of every judge on the court by the action of Judge Blank. [Applause.]

MORTAL MAN INFLUENCED BY PREVIOUS ASSOCIATIONS AND OPINIONS.

Now, you all remember that famous case of Tilden-Hayes. Here were five of the justices of the Supreme Court; five of the most conspicuous and able Senators of the United States; here were five of the ablest Members of the House of Representatives, seven Democrats, eight Republicans. There were four great contested election questions with many controverted questions, and every one of the 15 decided every case according to his own previous political predilection, and the country was astonished to find that 8 was a majority of 15. But they did discover it. [Laughter.]

Now, the point I want to make with you is that human beings of the first magnitude are influenced by their training, by their environment, by their social atmosphere, and, sometimes, by the men they eat dinner with. [Much applause and laughter.]

Now, if you put the sovereign power of declaring void the acts of your legislative representatives in the United States Supreme Court not responsible to you, you may thank yourselves for the consequences.

STANDARD OIL AND AMERICAN TOBACCO CASES.

Look at this great case known as the Standard Oil case. Here was a case where the people of this country after years of struggling finally had their Representatives in Congress, in the Senate and in the House, both agree upon the Sherman antitrust law (1890), making it a criminal offense to commit an act in restraint of trade, vital if the principle of competition is to survive; vital if the monopolies are not to be permitted to kill off every competitor and have a masterful control over the market and over the price which shall be paid for that which you produce and for that which you are compelled to buy. That law, it took you years to get on the statute book. It finally, by the slow, dragging, wearisome process of the court, came before the Supreme Court in the trans-Missouri and joint-traffic cases, and there, in three different decisions, that court declared that Congress meant what it said and that it was the law, that *any act* in restraint of trade was criminal.

Then the trusts came to Congress and tried to get a remedy. I want you to listen to the report of the Committee on the Judiciary on this very remarkable case. The proposed relief bill was introduced by Senator Warner, of Missouri, January 26, 1908. Now listen to this; I want you to listen. Here is the report of the Senate committee refusing to write the word "reasonable" into this act. Congress had said it is *not reasonable* for you to deny liberty to another man, no matter how small; it is *not reasonable* for you to meet and act in restraint of trade, restraining some other man from his rights. Listen to this Senate committee:

The antitrust act makes it a criminal offense to violate the law, and provides a punishment applied by fine and imprisonment. To inject into the act the question of whether an agreement or combination is reasonable or unreasonable would render the act, as a criminal or penal statute, indefinite and uncertain, and hence to that extent utterly nugatory and void, and would practically amount to a repeal of that part of the act. * * * And while the same technical objections do not apply to civil prosecutions, the injection of the rule of reasonableness or unreasonableness would lead to the greatest variability and uncertainty in the enforcement of the law. The defense of reasonable restraint would be made in every case, and there would be as many different rules of reasonableness as cases, courts, and juries. * * * To amend the antitrust act, as suggested by this bill, would be to entirely emasculate it, and for all practical purposes render it *nugatory* as a remedial statute.

President Taft, in a special message to Congress January 7, 1910, condemned the proposal of so amending the law, and said that such an amendment would—

put into the hands of the court a power impossible to exercise on any consistent principle, which will insure the uniformity of decision essential to good government. It is to thrust upon the court a burden that they have no precedents to enable them to carry and to give them a power approaching the arbitrary, the abuse of which might involve our whole judicial system in disaster.

The Supreme Court, in the Standard Oil cases and American Tobacco case (1911), thereupon proceeded to emasculate it and render it nugatory by writing an opinion which in effect held that a reasonable restraint of trade was not unlawful after Congress had refused to do so

I am going to read to you just one opinion from Judge Harlan on this case, and then I am going to quit that. Listen to the opinion of Judge Harlan, an honored member of that court 25 years or more—one of its leading lights. Listen to what he says:

* * * By every conceivable form of expression the majority of the trans-Missouri and Joint Traffic cases adjudged that the act of Congress did not allow restraint of

interstate trade to any extent or in any form, and three times it expressly rejected the theory, which had been persistently advanced, that the act should be construed as if it had in it the word "unreasonable" or "undue," but now the court in accordance with what it denominates "the rule of reason," in effect inserts in the act the word "undue," which means the same as "unreasonable," and thereby makes Congress say what it did not say—what, as I think, it plainly did not intend to say, and what, since the passage of the act, it has explicitly refused to say. It has steadily refused to amend the act so as to tolerate a restraint of interstate commerce, even where such restraint could be said to be "reasonable" or "due." In short, the court, by judicial legislation, in effect, amends an act of Congress relating to a subject over which that department of the Government has exclusive cognizance. I beg to say that, in my judgment, the majority in the former cases were guided by the "rule of reason," for, it may be assumed, they knew quite as well as others what the rule of reason required when the court seeks to ascertain the will of Congress as expressed in a statute. It is obvious, from the opinions in the former cases, that the majority did not grope about in darkness, but in discharging the solemn duty put on them they stood out in the full glare of the "light of reason" and felt and said time and again that the court could not, consistently with the Constitution, and would not, usurp the functions of Congress by indulging in judicial legislation. They said in express words in the former cases, in response to the earnest contentions of counsel, that to insert by construction the word "unreasonable" or "undue" in the act of Congress would be judicial legislation. Let me say, also, that as we all agree that the combination in question was illegal under any construction of the antitrust act, there was not the slightest necessity to enter upon an extended argument to show that the act of Congress was to be read as if it contained the word "unreasonable" or "undue." All that is said in the court's opinion in support of that view is, I say with respect, obiter dicta, pure and simple.

In respect to the decision on the income tax, Mr. Justice White, in dissenting, said:

I consider that the result of the opinion of the court just announced is to overthrow a long and consistent line of decisions, and to deny to the legislative department of the Government the possession of a power conceded to it by the universal consensus for 100 years, and which has been recognized by repeated adjudications of this court. (157 U. S., 429.)

Mr. Justice Jackson of the Supreme Court, in his dissenting opinion on the income tax decision, said:

Considered in all its bearings, this decision is, in my judgment, the most disastrous blow ever struck at the constitutional power of Congress. (158 U. S., 705.)

Mr. Justice Brown, in his dissenting opinion, said:

I can not escape the conviction that the decision of the court in this great case is fraught with immeasurable danger to the future of the country and that it approaches the proportions of a national calamity. * * * I hope it may not prove the first step toward the despotism of wealth. (158 U. S., 695.)

Mr. Justice Harlan said:

It so interprets constitutional provisions * * * as to give privileges and immunities never contemplated by the founders of the Government. * * * The serious aspect of the present decision is that by a *new* interpretation of the Constitution it so *ties the hands* of the legislative branch of the Government that without an amendment of that instrument or unless this court, at some future time, should return to the old theory of the Constitution, Congress can not subject to taxation, however great the needs or pressing the necessities of the Government, either the invested personal property of the country, bonds, stocks, and investments of all kinds, etc. * * * I can not assent to an interpretation of the Constitution that impairs and cripples the just powers of the National Government in the essential matter of taxation and at the same time discriminates against the greater part of the people of our country. (158 U. S., 695.)

Mr. Justice Harlan also said on another occasion:

When the American people come to the conclusion that the judiciary of this land is *usurping to itself the functions of the legislative department* of the Government, and by judicial construction is declaring what is the public policy of the United States, we will find trouble. Ninety millions of people—all sorts of people with all sorts of

beliefs—are not going to submit to the *usurpation* by the judiciary of the functions of other departments of the Government and the power on its part to declare what is the public policy of the United States. (221 U. S. 1, 106.)

Mr. Theodore Roosevelt, before the Colorado Legislature, pointed out the grave danger in recent court decisions in defeating humane laws, and stated:

If such decisions as these two indicated the court's permanent attitude there would be really grave cause for alarm, for such decisions, if consistently followed up, *would upset the whole system of popular government.*

And he referred to such decisions as "flagrant and direct contradictions to the spirit and needs of the times."

Senator Robert M. LaFollette, in his introduction to Gilbert E. Roe's work, "Our judicial oligarchy," said:

Precedent and procedure have combined to make one law for the rich and another for the poor. The regard of the courts for fossilized precedent, their absorption in technicalities, their detachment from the vital, living facts of the present day, their constant thinking on the side of the rich and powerful and privileged classes have brought our courts into conflict with the democratic spirit and purposes of this generation. Moreover, by usurping the power to declare laws unconstitutional, and by presuming to read their own views into statutes without regard to the plain intention of the legislators, they have become in reality the supreme law-making and law-giving institution of our Government. They have taken to themselves a power it was never intended they should exercise; a power greater than that entrusted to the courts of any other enlightened nation. And because this tremendous power has been so generally exercised on the side of the wealthy and powerful few, the courts have become, at last, the strongest bulwark of special privilege. They have come to constitute what may indeed be termed a "judicial oligarchy."

Thomas Jefferson, in his letter to Mr. Jarvis, in 1820, rebuked him for assuming that judges should have power over the legislature, the judges being themselves beyond control except by the impossible remedy of impeachment, and said:

You seem to consider * * * the judges as the ultimate arbiters of all constitutional questions; a very dangerous doctrine, indeed, and one that would place us under the despotism of an oligarchy.

A number of books have recently been written upon this matter, as "Our judicial oligarchy," by Gilbert E. Roe; "The judicial veto," by Davis; "The majority rule and the judiciary," by William N. Ransom, with an introduction by Theodore Roosevelt; "The Spirit of the American Constitution," by Prof. J. Allen Smith; all which emphasize the need to correct the practise I have referred to.

I could quote you many such opinions, but I must not take too much of your time. I want to conclude what I have to say. I want to call your attention to this: That just as soon as the decision was rendered in the Standard Oil case, declaring that "reasonable" restraint of trade was the meaning of Congress, and that Congress didn't make criminal any act in reasonable restraint of trade, the Standard Oil Co. stock went right up. The people were advised in the country that the Standard Oil Co. was being dissolved. The papers announced that the Standard Oil Co. of New Jersey had received a terrible blow by this decision. The effect of that decision was the immediate rise in the market price of the Standard Oil stock. I sent a telegram the other day to John Moody, the great statistician and head of Moody's Investors' Service, and Moody sent me back a telegram that this stock of the New Jersey Standard Oil Company and its subsidiaries, capitalized at one hundred million, and at the time of this decision in 1911 worth \$600 a share, or \$600,000,000, was now worth on the

market (within a period of six years) \$2,400 a share, or a gross market value of \$2,400,000,000. Do you get that?

Don't make any mistake about what that means. It will explain something about the 40-cent oil at Healdton and at Cushing. Now, my fellow citizens, I only refer to that one company (there are very many others of like purport), and I want to say to you that I believe it is a wise policy for the people of the United States to deal with corporations, no matter how large they are, with the same exact justice that they deal with the smallest citizen; but, at the same time, it is essential that we should protect the small citizen against the unfair exactions of predatory power. I have no prejudices against great organizations, but am proud of their accomplishments in America. All I want to see is that they do not use their great power tyrannically.

The gain on this stock in six years is \$1,800,000,000. It is not all due to this decision; it is due to other factors, in part. But in my opinion a large part of this increase is due to that decision of the Supreme Court in nullifying and emasculating the antitrust law passed by Congress.

JUDGE STUART'S REPLY.

We all saw in the paper a short time ago where a man in Chicago, by getting a monopoly on eggs in cold storage cleaned up a million dollars. He was only doing on a small scale what the big boys are doing on a large scale; that is all.

Do you object to paying 60 cents a dozen to speculators for eggs? That is a very small thing. Judge Stuart seems to think you ought not to object to paying 60 cents a dozen for eggs. Judge Stuart regards it as a joke. His answer to me before the legislature, when I pointed out this invasion of the legislative powers of the people by this decision of the Supreme Court and the result of their decision in the Standard Oil case—his answer to me was that, "something had been said about the Standard Oil Co. case"; he didn't say what—and that the high price of eggs was attributed to the decision in the Standard Oil case.

If the people of this State wish to regard the high cost of living as a piece of humor they will know where to go and get their advice.

Now I observe in this argument of Judge Stuart to what I said he answers not a word about the power of Congress—no answer to that; no adequate answer to the importance of letting the people know what the law is; no answer to the need of having in Congress a responsible forum for the settlement of internal disputes.

After we got the Sherman antitrust law it was on the statute book 21 years before the Supreme Court emasculated it. When a law is passed now you do not know whether it is the law or not. We have passed this eight-hour law, and the gentlemen who control the railway property of the country promptly announced that they would pay no attention to it at all until it was decided constitutional by the Supreme Court of the United States.

Well, I intend to introduce another act of the same kind and attach to it a condition that the question of its constitutionality shall not go to the Supreme Court. [Loud and continued applause.]

When men become so large that they feel they can openly defy the lawmaking power of the people of this country, I tell you the time has come to withdraw from the Supreme Court this refuge upon which such gentlemen rely.

My friend, Judge Stuart, tries to prejudice the jury. He talks with pathos about that great and honored southern statesman, Robert E. Lee, whom we adore, and the confiscation of his homestead. It is a red herring drawn across the trail.

The fact is the confiscation acts were declared constitutional by the Supreme Court. And the fact is that it was not Robert E. Lee, it was George Washington Custis Lee, the president of my old college, whom I knew well, who brought an action (and the Supreme Court upheld him in his right) to recover a fair money value for the property taken for a burial ground for the soldiers and sailors of the United States.

I merely mention that because the judge so emphasized the great accuracy that he should observe, and I think it worth while to call your attention to the facts, as they seem to be.

In the case of the Oklahoma State capital, Congress passed the enabling act fixing the capital at Guthrie for a certain length of time, due to the activity of certain distinguished citizens who lived up there, I suppose. The State of Oklahoma accepted that act with that clause in it, and, then, not feeling bound by it, they exercised their just rights, took a referendum vote, and voted to bring the capital to Oklahoma City. They were within their rights, and the Supreme Court, when the matter went up to them, very properly said so, and I do not doubt in the least that Congress would have said the same thing if Congress had had an opportunity to pass on it after the vote in Oklahoma, if the citizens here desired that that should be done. So much for that "appeal to the jury." [Applause.]

It shows the poverty of Judge Stuart's argument when he is driven to use arguments of that kind.

Then the next question the Judge raised was that the only thing which protects our daughters from being obliged to sit down, side by side, with a negro in the theater and at the hotel table was the action of the Supreme Court of the United States. [Laughter.] Well, I don't know about that, I think not. I know better.

The thing which protected the white people of the South was the manhood of the South, "The sovereignty of the people." [Applause.]

Make no mistake about that. My people were there.

The civil-rights case was one single example, where political prejudice went too far, but those cases didn't arise in the South; they arose in Kansas, California, and New York, if I am not mistaken, and border States of Missouri and Tennessee. And I think the Supreme Court was quite right in declaring it unconstitutional, and the Supreme Court in doing so respected the will of the white race of the North and West, as well as of the South. That is about the only thing I now recall they have done in the way of declaring acts of Congress unconstitutional that I really fully approve of. The Supreme Court has had a splendid and honorable career. I am proud of that great court, but when you go back through these cases, notably the Dred Scott case, the legal-tender cases, the income-tax cases, the Standard Oil case, the American Tobacco case, in all of these cases where they decided against Congress, there followed the most harmful consequences to the people of this country. The whole trouble is you can't get at the Supreme Court if it makes a mistake, but if Joe Thompson, Member of Congress from this district, makes a mistake, or if Robert L. Owen, your Senator, makes a mistake, you can get at them quickly, and that is the vast difference, that is the exceed-

ingly important difference, if you wish to maintain democratic popular government.

Taking this power from the Supreme Court will not diminish its docket or its dignity. They have a docket now of 700 cases, and they can not read the full record of those cases in a single term; they have more now to do than they ought to be required to do. They ought, themselves, to ask Congress to limit the character of cases that come before them, both for their own sake and for the sake of litigants. I have talked to some of the judges about this need and they would welcome some relief, I am sure.

I do not believe the honorable justices on this court want to retain this responsibility which they now believe rests on them by law and certainly it will be better for the country to withhold it.

It will improve the dignity and high standing of the Supreme Court; it will improve the standing of the Supreme Court with the people of the United States; the people will have more confidence in that great court if the court is not put in the painful position of being put in conflict with Congress to the injury of the dignity of the court.

Now, my fellow citizens, the question merely comes down to this: Why do the people of this country, in sending its lawmaking agents to Washington, make them responsible to the people at home? Evidently so the people can correct the errors of Congress if the Congress errs. The crucial question is, Do you want Congress able to give relief to the country and be responsible to you, or do you want Congress to pass laws and have them declared void by a power over which you can exercise no control?

VOICES. No, no.

A VOICE. Take a vote.

A VOICE. Yes; take a vote.

A VOICE. Let's have a vote.

Senator OWEN. Now, wait a minute. If we are going to vote, let's have a fair vote on it. Those who are in favor of the proposition please arise.

STENOGRAPHER'S NOTE.—Out of an audience calculated by those who are supposed to know at 1,250, practically the entire assembly rose to their feet.

Those opposed will now please rise.

STENOGRAPHER'S NOTE.—Ten, by count, rose.

Ladies and gentlemen, these questions are before the American people. They ought to be discussed in good nature, in a friendly spirit, and we ought not to enter into the discussion of the question in an unkind way, much less to speak unkindly of our great and honored Supreme Court.

I believe the time has come when the legislative powers of the people ought to be exercised free from interruption so that the people can understand what the legislature means and then let the legislature be responsible to the people of this country. Let us know what the law means the moment it is passed. Let the Department of Justice be able to tell our business men immediately (when they ask) what the law is, and not be left to say: The department can not say until some test case is settled a few years hence by the Supreme Court.

I thank you for your courteous attention. [Applause.]



JUSTIFICATION OF THE WAR WITH THE IMPERIAL
GOVERNMENT OF GERMANY BY THE UNITED
STATES.

SPEECH

OF

HON. ROBERT L. OWEN,
OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

Monday, April 16, 1917.

JUSTIFICATION OF THE WAR WITH THE IMPERIAL GOVERNMENT OF
GERMANY BY THE UNITED STATES.

Mr. OWEN. Mr. President, a few days since I received a letter from a well-known lawyer in Oklahoma advising me that many of the people in his neighborhood were opposed to war with Germany, and saw no reason for it, and asking me, gravely, what justification I could offer for it. It is clear from my correspondence that some of our citizens do not fully understand some of the most important facts which justified the United States in accepting the repeated challenge to war by the Imperial German Government. Some of our people seem moved by the obvious truth that war is deplorable and to believe we ought not to engage in this war.

Mr. President, certainly war is deplorable, but abject cowardly submission to tyranny, to persistent wrong, to brute force, is more deplorable—it is despicable. America is incapable of such submission.

Submission to the brute force of Germany by France, by Russia, or by England in the last two years would probably have ended the democracies of the world; would have put the United States in the most deadly peril; and for us to submit to her brute force now would put both our present and our future in jeopardy.

I rejoice that the President of the United States has pointed out the danger to the world and to the civilization of the world of the triumph of the Imperial Government of Germany in this European conflict. I rejoice that on entering this conflict the mighty powers of this great Republic will be used alone in defending and preserving liberty; not in a spirit of malice or hatred of the German people, but against the house of Hohenzollern; to assist in taking from the hands of William II the power to further brutalize the great German people who have infinitely deserved a better fate.

I have always admired the German people. I have admired their sturdy common sense, their industry, their virtues, and their home-loving qualities. I have admired their intellectual attainments, their internal democratic development, their

progress in the sciences, in the arts. I have loved their music and enjoyed their poetry and their literature. Notwithstanding their confessed good qualities, their natural peace-loving qualities, the actual governmental control of the German people has since 1870 been under the directing hand of the Prussian military machine, that subordinates every other interest of statecraft—agriculture, factories, commerce, school, church, home—to military power and to the aggrandizement of the house of Hohenzollern and of the smaller allied German kings and princes.

The Prussian King, ex officio Emperor, claims to rule by "divine right," without the consent of the German people, and he does rule them without their consent.

Any citizen who criticizes the Government, the Emperor, or the King of Prussia is guilty of a crime, lese majeste, subject to instant imprisonment. The citizen is a subject; he is not free.

The press is not free, and the educational system, from kindergarten, gymnasium, and high school to university, is controlled by the dominant power of the Kaiser, and the people have been taught systematically and thoroughly that obedience is the first duty of a subject of the Kaiser and that the doctrine of the military powers is right; and, unhappily, the doctrine of the military powers of Germany is that might makes right; that military necessity is not bound by treaty, by moral law, or by any other law; that terrorism or frightfulness is a lawful weapon in the hands of the military machine; that when a soldier makes himself terrible by wholesale slaughter and destruction, regardless of the laws of humanity, he shortens the war by intimidating those who would oppose.

Thus it is that the German people have been led to their doom by this ungodly, vicious military machine; thus it is that they have alienated the sympathy of the whole world, and those Americans who have loved the German people see no way to protect the world or to protect the German people except by overthrowing Prussian militarism, overthrowing the Hohenzollerns.

While the people of Germany are by nature democratic and peace loving; nevertheless, their order, obedience, industry, their very virtues, their efficiency, as subjects of the Kaiser, have been made an instrumentality in the hands of the military machine which threatens the peace of the whole world, which threatens our peace, and has waged war on us in spite of every effort on our part to prevent it.

Mr. President, while Bismarck made many concessions to the development of local democracy in Germany and developed a great democratic efficiency in Germany as a concession to the constantly increasing intelligence of the German people; as a concession to the constantly increasing demand for democracy in Germany, nevertheless in framing the German Empire he and the Hohenzollerns so framed it as to put that Empire under the practical domination of the Kingdom of Prussia, whose King claimed to govern mankind by the "*divine right*" and in partnership with Almighty God Himself, a doctrine descended from Frederick II, sometimes called "the Great," but who did not believe in God at all in the affairs of men except in so far as the affectation of that belief served his selfish ambitions.

The control of the German Empire by Prussia and the control of Prussia by the house of Hohenzollern left William the Second the master of the army and navy, of the war machine, with the power to declare war. The consent of the subordinate Bundesrath, composed of appointees of the Kings and princes of Germany was not necessary. He and his military captains have been moved by the principle of the Hohenzollern family, *ambition*, first, last, and all the time; *ambition*, wrapped in the cloak of pure patriotism, parading as Germany, as the fatherland; but always beneath has been the determined purpose to aggrandize the house of Hohenzollern and the army. Hence arose the military slogan "Deutschland Uber Alles," which being interpreted meant "The house of Hohenzollern and the military autocracy—Uber Alles." Hence the greatly exploited notion of "Weltmacht," which meant power over the world by the Hohenzollerns and their military autocracy. Hence that mysterious toast "Der Tag," which meant THE DAY when the house of Hohenzollern and the military autocracy would rule all mankind, the day when autocratic military power would rule mankind under the blasphemous claim of "divine right," and should impose its will over the liberties of the civilized and uncivilized nations of the world through brute force and terrorism or "schrecklichkeit." The world is compelled to teach the Kaiser and his subject soldiers the folly of trying to terrorize the world.

In some things this Government may well profit by the glorious example of the German Government. They have magnificently developed vocational industrial education, have established innumerable cooperative democratic societies, State insurance against old age, accidents, and so forth, and have thoroughly cared for the unemployed man and made him self-supporting, and have wonderfully developed municipal ownership, and so forth. Organized industrial democracy has been made the helpless tool of political military autocracy, and the Germans in large measure seem not to see this.

In August, 1914, when the ambitious Hohenzollerns had artfully contrived to prepare their war machine with an overwhelming supply of cannon, powder, shells, machine guns, rifles, transportation material, and all the accouterments of war; when they found France inadequately protected, Russia without war supplies, England with no army, Luxemburg and Belgium incapable of defense, they threw suddenly this desolating war machine of terrorism like an avalanche on the fair fields of Luxemburg, Belgium, and France, intending to seize Paris, force a treaty with France, impose a giant indemnity, as it did it 1870, then dominate Russia, and establish throughout the world "Der Tag," "Weltmacht," "Deutschland über alles," and establish the house of Hohenzollern as the military autocratic rulers of mankind in the sweeping destruction of the liberties of the world.

The Hohenzollerns under Frederick William of Brandenburg and Prussia, under Frederick the Second and his successors have always followed the doctrine that—

Might makes right.

They have always despised the American doctrine of Abraham Lincoln, who had "the faith to believe that right would make might."

The Hohenzollerns always believed in the doctrine of *absolute monarchy* as against limited monarchy or *democracy* in any form. Under them Prussia has been an armed camp, an army for over a hundred and fifty years, glorifying war and military power and for 50 years keeping Europe in a state of constant suspense and apprehension of the blow which all Europe feared but believed would some time surely fall. The Hohenzollerns believed in the false monarchical doctrines of the Bourbons, whose principles you will find cast in bronze on the cannon we took from Spain in 1898, now mounted at the north end of the War Department in Washington City.

On the mouth of one of these cannon, called de Mareschal Le Duc de Humieres, you will find these words—

“Le passe par tous”—

The passway through everything. That is, the cannon's mouth is the passway through broken treaties, through the boundaries of undefended neighbors, through justice and righteousness, through industry and honor—the pathway to the so-called “*glory*” of kings and the ruin of peoples. On the base of that cannon you will find the words—

“Nec pluribus impar”—

Not unequal to many. That is, the cannon is not unequal to many people—to very many people. It can slay people; it can dominate people; it can tax millions without the consent of the people. This is the doctrine of autocracy against democracy.

On the body of that Bourbon cannon you will find the phrase—

“Ultima ratio regum”—

The final argument of kings. When the people argue for self-government, when the people argue that justice is justice, that right is right, that their conscience is the whispering of the spirit of God, then the people hear the final argument of kings, the final argument of the Hohenzollerns and of military autocracy—the *cannon's roar*—who would teach the world the pernicious doctrine that *might makes right*.

These are the real principles of military autocracy when moved by the royal family pride; by cold selfish ambition, playing upon the prejudices, the weaknesses, the ignorances of mankind. Yes; playing upon the most sacred sentiments of mankind; playing even upon the trust of mankind in the Divine Spirit. These vicious military autocratic forces which are now assailing the liberties of mankind under the grossly false pretence of protecting the German people against their supposed enemies are the same in spirit that established the “*Holy Alliance*” signed by “Alexander the First,” Emperor of Russia, of the Romanoff family; by Francis the First, Emperor of Austria, of the Hapsburgs; by Frederick William the Third, King of Prussia, of the Hohenzollerns, in 1815, in which they pledged themselves—

“to take for their sole guide the precepts of that holy religion (the Savior taught), namely, the precepts of justice, Christian charity, peace”;

Pledged themselves—

“by unalterable good will, the mutual affection with which they ought to be animated; to consider themselves all as members of one and the same Christian nation; the three allied Princes looking on themselves as merely delegated by Providence

to govern three branches of the one family, namely, Austria, Prussia, and Russia, thus confessing that the Christian world, of which they and their people form a part, has in reality no other sovereign than Him to whom alone power really belongs, because in Him alone are found all the treasures of love, science, and infinite wisdom—that is to say, God, our Divine Saviour, the Word of the Most High, the Word of Life.”

The *Holy Alliance* had for its sinister, deceitful purpose the misleading of the people of these great countries, through the piety and good will of the people, into the belief that their leadership was actually moved by these high *holy* sentiments.

The history of Europe demonstrated that they were moved by nothing of the kind but alone by their own selfish ambitions, and that they made this pretended treaty for the purpose merely of establishing themselves in the confidence of their people and of neighboring religious peoples, while in reality they were constantly engaged in enriching themselves and their court favorites and their own families at the expense of the people, and never hesitated to sacrifice the poor people, their subjects, their quasi slaves, on the field of battle or in exile in order to further the family interests of the Romanoffs, the Hapsburgs, and the Hohenzollerns. It was an autocratic military combination intended to promote the selfish interests of these families by military force and to enable them in concert to prevent the people of Russia, Prussia, and Austria making any headway in self-government, and to prevent the self-government of men making progress in any other part of the world. This blasphemous combination—I say blasphemous, because they pretended to have a charter from the Throne of Grace and to govern by Divine right under the special sanction of the Almighty, when they well knew the corruption of their own courts and of their own selfishness—amended this self-serving declaration of 1815 of their own “*holiness*” by adding several articles to this treaty of peculiar interest to all democracies.

In 1822 the “*Holy Alliance*” added certain articles known as the Secret Treaty of Verona, as follows:

“ARTICLE 1. The high contracting powers being *convinced* that the system of representative government is equally as incompatible with the monarchical principles as the maxim of the sovereignty of the people with the divine right, engage mutually, in the most solemn manner, to use all their efforts to put an end to the system of representative governments, in whatever country it may exist in Europe, and to prevent its being introduced in those countries where it is not yet known.

“ART 2. As it can not be doubted that the liberty of the press is the most powerful means used by the pretended supporters of the rights of nations to the detriment of those of princes, the high contracting parties promise reciprocally to adopt all proper measures to suppress it, not only in their own States, but also in the rest of Europe.”

Here we find the Hohenzollerns and the Hapsburgs, who still dominate Germany and Austria, making a solemn covenant with the Romanoffs of Russia and with the Bourbons, through King Louis XVIII, of France, whom they had placed upon the French throne, and solemnly engaging in—

A deliberately prepared and deadly compact to destroy all the democracies of the world;

To stamp out the liberty of the press in all Europe, even outside their own dominions; and thus—

To keep all mankind in ignorance, in order that they and their families, who were constantly intermarrying with other like families, might continue to dominate mankind by military force.

This blasphemous "Holy Alliance" by this very treaty furnished 20,000,000 francs annually to Louis XVIII to wage war on the limited monarchy of Spain, which the people of Spain had by painful revolution established and to reestablish an absolute monarchy in Spain under the same prince, in order to discourage and break down any right whatever of the people of Spain to govern themselves. They did not hesitate to cause the murder of the people of Spain to carry out their "*Holy*" Christian purposes.

This blasphemous "Holy Alliance" then sent an Austrian army into Italy and accomplished the same identical purpose, murdering the Italian people for the same "*Holy*" Christian reasons. This wicked "Holy Alliance" then proposed sending other armies and navies to North and South America for the purpose, as they said, of "reducing the revolting colonies of Spain and Portugal on the Western Hemisphere" and thus strangling all representative governments at their birth throughout North and South America. What they really meant was that they intended to send an army into Brazil to destroy a republic in Brazil, to send an army into the Argentine; into Chile, into Colombia, into Peru, into Venezuela, into the Central American States, and into Mexico, to suppress the freedom of the people, to prevent their governing themselves, to put them again under an absolute monarchy, so that the monarchical principle should govern all mankind, and democracy never should be permitted to establish its foot upon the entire earth. That was their purpose.

Canning, of Great Britain, notified this detestable conspiracy, known as the "Holy Alliance," that Great Britain would oppose such an assault on the former colonies of Spain and Portugal, for Great Britain, though a limited monarchy, was already a great representative government, loving liberty and justice.

President Monroe, advised of this conspiracy of the houses of Hohenzollern and of Hapsburg to invade the liberties of North and South America, sent his message to Congress in December, 1823, in which he made the following statement of principles known as the "Monroe doctrine."

He said:

"It is impossible that the allied powers should extend their political system to any portion of either continent without endangering our peace and happiness; nor can anyone believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interposition in any form with indifference."

He said:

"With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the Governments who have declared their independence and maintained it and whose independence we have, on great con-

sideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them or controlling in any other manner their destiny by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States."

This firm stand taken by Great Britain and the United States prevented representative government and the democracies of the Western Hemisphere from being destroyed by the unlimited rapacity and cold-blooded ambition of the Hohenzollerns, the Hapsburg, and their "holy" associates.

Mr. President, this same group attempted to set up a monarchical government in Mexico, when the United States was embarrassed and in the throes of the Civil War, by sending Mexico an emperor—Maximilian, an Austrian gentleman of the Hapsburg family—who quickly had some unhappy dealings with the democracies of the Western Hemisphere. Let him repose in peace. The action of the United States overthrew Maximilian and ended an overt act of the Hapsburgs against our national peace.

Mr. President, those who have observed the development of this great war machine in Germany as an instrumentality by which the Hohenzollerns might dominate mankind will see quite clearly the attitude of the military autocracy set forth in the book, *Germany and the Next War*, by its mouthpiece, Gen. von Bernhardi, October, 1911. Von Bernhardi is fairly a spokesman of the military autocracy of Germany. He glorified war. He insisted in that volume—and it was sent all over this country, by hundreds of thousands—that the German people must be awakened and *compelled* to show their *military strength*. He praised to the skies the great elector, Frederick William of Brandenburg, the first important member of the House of Hohenzollern. Listen to Von Bernhardi praising this wonderful Prussian general, ruling by divine right a population of two and a quarter millions, with a hundred thousand armed men trained to the last degree of efficiency and better supplied with munitions of war than any other army in Europe. Listen to his praise of the great elector:

"The great elector laid the foundations of Prussia's power by successful and *deliberately incurred* wars. Frederick the Great followed the example of his glorious ancestors. He noticed how his State occupied an untenable middle position between the petty States and the great powers, and showed his determination to give a definite character (*decider cet être*) to his anomalous existence; it had become essential to enlarge the territory of the State and *corriger la figure de la Prusse*, if Prussia wished to be independent and to bear with honor the great name of KINGDOM. The King made allowance for this political necessity and took the bold determination of challenging Austria to fight. *None of the wars which he fought had been forced upon him*; none of them did he postpone as long as possible. *He had always determined to be the aggressor.*"

Frederick II followed him, idealizing war, waging war on defenseless people, as when he first took his place as King of Prussia he violated the treaty with Maria Theresa of Austria, broke faith, treated the treaty as a scrap of paper, threw 50,000 highly trained, seasoned, skilled soldiers upon Silesia, undefended

because relying upon his good faith, and he kept all Europe in turmoil for years and years and years, and at that time waged seven years of continuous warfare.

It might be said that his opponents in France and in Austria were no better than he, as far as keeping faith was concerned, because the house of Bourbon and the house of Hapsburg occupied the French and the Austrian thrones, and were represented by those who were just as deceitful as was Frederick himself.

Frederick the Great is now the ideal of the Prussian military autocracy. Only a year or two ago the United States was presented with a statue of Frederick the Great, and it is standing down before our War College now. My own opinion is that the statue of Frederick the Great ought to be gently and quietly removed from its spot and dropped in some quiet place in the Potomac River where it will no longer serve to give dignity and honor to this cruel and unscrupulous prince.

The Imperial German Government presented us with its ideal in the statue of Frederick, the embodiment of war and rapacity and broken treaties.

France presented us with the French ideal, Bartholdi's wonderful conception, standing guarding the entrance to our greatest port—New York—where all the world may see "Liberty enlightening the world."

God bless France and speed her prophecy.

Once too often the Hohenzollerns have been the aggressors of the world's peace, and now this world-wrecking spirit will be terminated forever by the indignant power of the whole world. In that respect I am rejoiced to see Brazil following the United States; first of all, little Cuba declaring war on Germany, and following her father, the United States, who gave her peace and gave her liberty against a prince of the Hapsburg family. Here comes Brazil; the Argentine will follow; Paraguay, Uruguay, Peru, Bolivia, and the Central American States may be expected to follow; and I expect to see even Mexico show her sympathy with the democracies of the world, and with this great struggle to put down forever the irresponsible ambitions leading armed military forces that have no conception of human liberty, whose one idea is obedience and to rule the world by military efficiency and by terrorism.

Mr. President, I rejoice to believe that this war which we shall now wage with all the resources of 100,000,000 people; with all the financial power of the richest Nation on the globe; with all the vast equipment of material, of factories, of American inventions on the Imperial Government of Germany, will render the most gigantic service to the German people which it is possible for one people to render to another in delivering them from the military tyranny and the political control of the Hohenzollerns and their military clique, who have taxed and driven the German people beyond all human endurance; who have kept all the nations of Europe trembling under the load of universal military preparation for 50 years. It was Germany that prevented disarmament a few years ago at The Hague. Even Nicholas II proposed it, and Germany, of all the nations, prevented it.

This German military autocracy have finally driven the people of Germany to overwhelming slaughter on the battle fields of Europe, and have compelled the liberty-loving, God-fearing democracies of the whole world, in defense of liberty and

righteousness, to turn their guns on the unhappy Germans led to the shambles by the heartless ambitions of the Hapsburgs and Hohenzollerns.

No man who has studied the history of recent Europe questions for a moment the bloodguiltiness of the Hapsburgs, who in avenging the wicked assassination of the Crown Prince of Austria-Hungary imposed 10 demands on Serbia, to everyone of which Serbia submitted save the relinquishment of her sovereignty and the violation of her constitution. (See chap. 4, *Obstacles of Peace*, by S. S. McClure.)

The gist of the Austrian demands, of which there were 10, was as follows:

- "1. Serbia shall suppress all anti-Austrian publications.
- "2. Dissolve the Narodna Odbrana and all similar societies, confiscate their funds, and prevent their re-forming.
- "3. Remove from public education in Serbia all teachers and teaching that are anti-Austrian.
- "4. Remove from military and civil service all officers and officials guilty of anti-Austrian propaganda; Austria will name the persons.
- "5. Accept collaboration of Austrian representatives in the suppression of anti-Austrian propaganda.
- "6. Take judicial proceedings against accessories to the plot against the archduke; Austrian delegates will take part in the investigations.
- "7. Arrest Maj. Voijs Tankositch and the individual named Milan Ciganovitch.
- "8. Prevent and punish the illegal traffic in arms and explosives.
- "9. Send to Austria explanations of all unjustifiable utterances of high Serbian officials at home and abroad.
- "10. Notify without delay that the above measures are executed. Reply before 6 p. m. on Saturday, July 25."

The answers to the 10 points may be summarized thus:

- "1. Yes; will suppress all anti-Austrian publications.
 - "2. Yes; will suppress the Narodna Odbrana and similar societies.
 - "3. Yes; will expel all anti-Austrian teachers and teaching as soon as evidence is given.
 - "4. Yes; will expel all anti-Austrian officers and officials, if Austria will furnish names and acts of guilty persons.
 - "5. Yes; will accept collaboration of Austrian representatives in these proceedings, as far as consonant with principles of international law and criminal procedure and neighborly relations.
 - "6. Yes; will take the judicial proceedings; will also keep Austria informed; but can not admit the participation of Austrians in the judicial investigations, as this would be a violation of the constitution.
 - "7. Yes; have arrested Tankositch; ordered arrest of Ciganovitch.
 - "8. Yes; will suppress and punish traffic in arms and explosives.
 - "9. Yes; will deal with the said high officials, if Austria will supply evidence.
 - "10. Yes will notify without delay.
- "If this answer not satisfactory, Serbia will abide by decision of The Hague Tribunal."

Everybody felt that the Hapsburg note did not seek or contemplate honorable adjustment, but arbitrarily imposed impossible conditions and really meant war, as indeed it did, for in 48 hours Serbia was actually invaded.

The record shows that every possible effort was made by the authorities of England, through Lord Grey, by the authorities of France and of Russia, to reach an adjustment, and that it was the refusal of the German Emperor to cooperate with Lord Grey which led to the failure to avert the war on Serbia by Austria, which was instantly followed by the German Emperor issuing an order to mobilize and then declaring war on Russia and on France and the sudden and violent invasion of Belgium, Luxemburg, and France, and Russia; and the German and Austrian Emperors and their armies were prepared. Luxemburg was not prepared. Belgium was not prepared. France was not prepared. Great Britain had no army. Russia had no materials of war, had no factories, no adequate means of waging war. The fact that all the invaded countries were unprepared, and that the German Army had reached the highest point of its efficiency and preparedness, is the damning answer of all history to the shameless contention of the German leaders that they did not bring on this war, but that it was thrust on them. Let us thank God Himself that they have the decency to pay tribute to the love of justice and righteousness in the hearts of mankind by pretending, at least, that they are not responsible for this gigantic cataclysm in which all mankind is involved and the blood of all nations is being shed.

Here is a case where the house of Hapsburg and its military bureau, regardless of the Parliament of Austria-Hungary, regardless of public opinion of the people of Austria-Hungary, took a step to precipitate war on Serbia on a few hours' notice, knowing it threatened a general European war, which, indeed, instantly followed.

Here is an example of where the house of Hohenzollern and its military bureau refused to cooperate in reaching an adjustment of the threatened war of Austria against Serbia, which the leading powers of Europe earnestly endeavored to avoid in the hope of avoiding a general European war.

"ACTIONS SPEAK LOUDER THAN WORDS."

The German and Austrian Imperial Governments stand forever condemned by the judgment and conscience of mankind.

And then Germany, violating her plighted faith to Luxemburg for protection of neutrality, swept with violence the treaties aside, treated them as "scraps of paper," and drove her soldiers through Luxemburg in violation of the law of nations and of good faith. The same thing is true of Belgium. The German Government violated its faith to the nations of all the world. I have always regretted that the United States did not on that instant raise a strong protest against this violation of international law, although under the treaties and under the understandings of The Hague we were not called upon or expected to do it.

It will be remembered that it was the ambition of the house of Hohenzollern which led to the war between Prussia and France in 1870. The Hohenzollerns nominated a hereditary Hohenzollern prince to be King of Spain.

They wanted to be on both sides of France for "friendly" purposes, so that they could embrace France conveniently when the time was opportune. France naturally objected, and because of the excitement which it created in France the foreign office of France indicated to the King of Prussia, William I, that they would like to have an assurance that the French peace would not in the future be threatened in that way by the nomination of a Hohenzollern prince to take the Spanish crown. They had a right to ask that. Bismarck, the head of the military machine, the adviser of William I, changed the dispatch sent from the court of William I to Paris in such a way as to leave the impression of an insult to France, and in that way, by artfully playing upon the passions of the French King and upon his pride he was led to take the initial step. It is exactly as though a trained duelist would step on the foot of an innocent man and then, when the innocent man resented it, shoot him on the spot. That was the act of Bismarck. The French at that time were utterly unprepared; there was no order; there was perfect confusion. The Prussian military machine, in good working order, under Von Moltke, up to the last ounce of working efficiency, pounced upon France, besieged Paris, starved the people of Paris to utter exhaustion and surrender, and imposed an indemnity of 5,000,000,000 francs on the French people, and then, through the prestige gained by overwhelming unprepared France in that way, and through this gigantic fund, established the German Empire, with the hereditary absolute King of Prussia as the official Emperor of the German Empire. That is what occurred.

The Hohenzollerns have been active in putting princes of Hohenzollern blood on the thrones of adjacent kingdoms, as in Greece, and just as they proposed to do recently in establishing a kingdom of Poland.

They have been aiming to get control of the whole world. That is their real purpose.

Just as in recent times the peace of Europe has been overthrown by the Hohenzollerns and the Hapsburgs, so in the days of Frederick the Great Europe was kept in a turmoil by Frederick the Great and his military bureau.

The first act of Frederick's reign after writing his famous book "Anti-Machiavel," in which he denounced the dishonest doctrines of statecraft of Machiavelli, was to practice the craft of Machiavelli and violate the treaty of Prussia with Austria by invading and secretly entering the unarmed Province of Silesia with a large army. During the conquest of Silesia Frederick made a treaty with France, which he secretly betrayed by sending an authorized agreement to Austria, and which was accepted by Austria, in contravention with his obligations to France. Frederick then, having by this ruse obtained the evacuation of Silesia by Austria, promptly denied having authorized the agreement which Austria had accepted and by which he obtained the retirement of the Austrian troops.

The house of Hohenzollern should not be regarded merely as a dynasty; it is a dynasty interwoven with a gigantic military machine under the domination of the King of Prussia, who is ex officio Emperor of Germany and active commander in chief of the army and navy.

Germany is governed substantially by the military powers, who may illtreat the German subject with perfect impunity.

The German youth and the German citizen are taught from their childhood to regard their obligations to the army and the Kaiser as the first duty of good citizenship, and the ideals of the army have been in this way grafted in a large measure into public opinion of the German people, who have been led to believe that loyalty to Germany and the German people and loyalty to the Kaiser and his war machine are identical.

When William, therefore, under the pressure of his war machine, gave the order of mobilization, the citizens of Germany had no alternative except death but to seize their rifles and go to the trenches in an assault upon their neighbors.

There were 4,000,000 socialist voters who were thus forced into the ranks against all their principles of international brotherhood. They were driven through Belgium against their socialist brothers of Belgium, with unspeakable atrocities committed by the German soldiers; they were driven against France and Italy and Russia, against their socialist brethren, without any regard to their long-taught principles of international brotherhood. They could not help themselves. They had no power of organization. They dared not, under penalty of death, take the first step toward liberty. They were unhappily under the irresistible domination of Prussian militarism; under a monarchical autocratic structure of government which they had never been strong enough to change into a democratic government of the German people, by the German people, and for the German people.

Under a democracy or under a limited monarchy, with a responsible ministry and a parliament in control of government, this enormous disaster to the German people, to the Austrian people, to the people of all Europe, and to the people of America, and to the people of the world would not have occurred.

The world ought not to permit the recurrence of this gigantic disaster at any future time, and the only way in which to prevent its recurrence is that the world shall demand, as England is demanding, as England has demanded, as France has demanded, as Italy has demanded, as Russia and America are now demanding, the end of the warlike and irresponsible government of Prussian militarism, the overthrow of the Hohenzollerns, and the establishment of a government truly responsible to the German people.

Mr. President, these considerations are far more important considerations justifying war against Prussian militarism by the people of the United States and by all the Republics on the face of the earth than even the murder of our citizens and the submarining of our ships, because the house of Hohenzollern and the house of Hapsburg are sworn and deadly enemies to the democracies of the world, and if they succeed in overthrowing the democratic people of France, England, Italy, and Russia this military machine would immediately make war on us, and with their millions and millions of trained and seasoned soldiers they might devastate America before we could organize our armies in adequate resistance.

I do not underestimate or ignore the tragedy upon tragedy which has attended the invasion of our international rights.

On the *Lusitania*, without warning, we had 114 American citizens murdered on the high seas in cold blood, in violation of international law.

On the *Gulflight* we had two Americans killed without warning.

Mr. President, it is one thing for an American citizen to be killed in a street fight in a foreign country, to be murdered in a foreign country by some irresponsible citizen or subject of a foreign country, and it is another thing when the responsible head of that Government commits murder on a single son of this Republic by or through executive, military, or naval orders.

On the *Armenian* we had 23 Americans killed;

On the *Iberian* we had 3 Americans killed;

On the *Anglo-Californian* we had 2 Americans killed;

On the *Hesperian* we had 1 American killed;

On the *Arabic* we had 3 Americans killed;

On the *Persia* we had 2 Americans destroyed;

On the *Ancona* we had 7 Americans killed;

On the *Englishman* we had 6 Americans killed;

On the *Sabota* we had 1 American killed;

On the *Marina* we had 8 Americans destroyed;

On the *Russian* we had 17 American citizens destroyed;

On the *Eveston* we had 1 American destroyed;

On the *Vedamore* we had 10 Americans killed;

On the *Turino* we had 1 American killed;

On the *Athos*, 1 American killed;

On the *Lacona*, 8 Americans were lost;

On the *Sjostad*, 1 American killed;

On the *Vigilancia*, 5 Americans killed;

On the *Healdton*, 7 American were lost;

On the *Crispin*, 19 Americans were lost; and 18 of our American ships have been torpedoed, sunk, or burned by this submarine warfare, not to mention innumerable ships—over 700 ships—belonging to other neutral nations, and numbers of citizens of other neutral nations destroyed, because they had the courage to maintain their international rights on the high seas.

Our citizens have been ordered to keep out of and not to dare exercise their international rights on the high seas within an arbitrary zone a thousand miles long and fifteen hundred miles in the opposite direction surrounding Europe, where four-fifths of the commerce of the world must pass. We have been ordered that we shall not pass this line under penalty of death. That is military autocracy in action. Over 700 ships of neutral unoffending nations have been destroyed in violation of international law and neutral citizens innumerable murdered without notice to intimidate Great Britain and the world to a profitable peace for the Prussian military autocracy.

Under the international law the failure to maintain our neutral rights on the high seas under the threat of the Prussian military machine would be a violation of our neutrality, indeed, with other nations, who have the right to buy goods from us and have a right to ask the delivery of such goods in accordance with international law.

The United States has made every effort that it is possible for a self-respecting nation to make in the endeavor to avoid this war, and we have been unable to do it except at the sacri-

fice of our national rights, our national dignity, and our national honor.

It will be remembered that in the Spanish War the Imperial German Government furnished Spain with munitions of war and undertook to interfere with us in Manila Bay through her armed men-of-war.

It will be remembered that Germany attempted to interfere with Dewey in Manila Bay.

It will also be remembered that the battleships of Great Britain interposed and stopped interference of Germany with the rights of this great Republic, although I think that Dewey could have taken care of himself.

It will be remembered the German Government sent munitions of war to Mexico to be used against America.

It will be remembered the German Government undertook to invade Venezuela in violation of the Monroe doctrine.

It will be remembered that the Imperial German Government has distinguished itself by maintaining a fixed hostility to the Monroe doctrine.

It will be remembered that we were compelled to send the Austrian ambassador home, representing the Hapsburg war machine, for his conspiracies against our peace in the United States, when he, in conjunction with the agents of the Hohenzollern machine, were promoting the blowing up of American factories, filling our country with spies, promoting disloyalty in the United States, and stirring up the hostility of citizens of German extraction against our peace, and stirring up the activities of hundreds of thousands of German subjects, permitted by courtesy to reside in the United States, to interfere with our peace at home.

It will be remembered that the German agents have been stirring up disorders in Mexico, in Central and South America, and promoting war on our borders, and are now doing so at a very great expense to the United States.

That pernicious activity of the agents of Prussianism will go far to account for the things we have found difficult to understand; why the South American Republics did not feel more friendly to us in view of our sincere friendship for them; why little or no reciprocity. It was because the Hohenzollern agents persuaded those people that we had designs upon their peace and upon their property.

Perhaps the crowning offense against the United States was disclosed in the proposal of Zimmermann, representing the Prussian military machine, to make an alliance with Mexico at a time, January 19, 1917, when we were still at peace with the Imperial German Government, in which Zimmermann proposed to Mexico that Germany and Mexico would make war together on the United States and make peace together; that Germany would give Mexico general financial support and that Mexico should reconquer the lost territory of Texas, New Mexico, and Arizona; and that Japan should be invited to join Germany and Mexico in this war on the United States.

There was no alternative for the President of the United States, charged as he was with the protection of the people of the United States, informed as he was of all the things I have mentioned, and very many other things equally sinister and cor-

roborative of the evil intent of the Imperial German Government against the United States, except to sever relations with the German Empire and to take up the gauge of battle flung into our teeth.

I agree with the President of the United States that it is a fearful thing to lead this great, peaceful people into war, and I "also appreciate that the right is more precious than peace, and we shall fight for the things which we have always carried nearest our heart—for democracy, for the right of those who submit to authority to have a voice in their own governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of every peoples as shall bring peace and safety to all nations and make the world itself at last free."

No treaty and no agreement with the Prussian military government or with the house of Hohenzollern is worth, or ever will be worth, the paper it is written on except where those who have the pledge have the military power to compel obedience to the promise. Their treaties are "scraps of paper." If they succeed in this war, they will attack us at their convenience.

I am pleased now that we join with those who are determined to establish liberty in the world. Together we shall establish the peace and happiness of mankind.

The world can not allow the Prussian military machine to succeed, otherwise their brutality would dominate the world.

I insert as an addenda to my remarks the brutality shown by the official orders of the German military machine in dealing with the peaceful, unoffending people of Belgium, whose neutrality they violated in willful disregard of their plighted faith to the people of Belgium.

Mr. President, I fervently pray with all my heart that the great, liberty-loving German people, who in their local affairs have developed such a high degree of representative self-government, will overthrow the house of Hohenzollern, whose wicked leadership has led them to this ruinous war and to the shambles. Whenever the German people establish a democracy—a representative "Government of the people, by the people, and for the people"—the democracies of the world will no longer be unwilling to trust the Government of the German people. Treaties with republics are sacred; treaties with the Hohenzollerns and Hapsburgs are "scraps of paper." No assurances which the Hohenzollerns or the Hapsburgs can give to the democracies of the world are worthy of any faith or credit whatever, when against their fancied interest, as the history of the Hohenzollerns prove from Frederick the Second, of Prussia, down to the invasion of Luxemburg and Belgium.

Mr. President, the American people wish the happiness and the welfare of the German people and of the Austrian people as Americans wish the happiness of the British and the French and the Russian people. We wage our war not on the unhappy German people but on the military autocracy and on the house of Hohenzollern and the war machine that knows no conscience, no justice, no mercy, but can only be persuaded at the cannon's mouth. May the Lord of Hosts bless our arms and protect the liberties of mankind.

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Mr. President, I found in a western paper a few days ago an editorial in the Muskogee Phoenix, Muskogee, Okla., written by Tams Bixby, Esq., former chairman of the Dawes Commission. It breathes a high, pure note of Christian patriotism, which I think deserves a place in our annals at this time. I wish to read it. It is very short. It is entitled:

ONWARD, CHRISTIAN SOLDIERS!

The United States of America, given to the world by the Pilgrim Fathers, through their love and devotion to the Omnipotent Ruler of the destinies of men, has declared war on the anniversary of our Savior's crucifixion.

It is altogether fitting and proper that it should be as it is. Loyal Americans will go forth to war not only as the champions of liberty and freedom and humanity but as soldiers of the cross. As He died upon the cross nearly 2,000 years ago for the salvation of mankind Americans will die upon the field of battle to make this a better world.

Through America's blood the world is to be purged of a barbaric, heathenish dynasty that in its lust has forgotten the teachings of our Savior. It is a noble thing to die and to suffer that men may be brought nearer to God.

America, unafraid, girded with the armor of righteousness, strides forth to battle. There is no hatred in our hearts; we bear no malice toward our enemies; we ask no conquest nor material reward. America, true to the traditions that gave her birth, is to wage a noble, Christian war. We are willing to die if need be to bring to all men once more the message of peace on earth, good will. And in this sacred hour America offers for her enemies the prayer of the cross. "Father, forgive them; they know not what they do."

The call to arms has been sounded. America, champion of righteousness, of civilization, and of Christian'ty, with a clear heart and willing hand, marches forth.

Amid the clamor and the cries of battle come the strains of the hymn of the united allies of mankind:

"Onward, Christian soldier!"

92727—17258

Proposed International Convention to Establish International Government to Coerce Militarism and Assure Permanent Peace.

SPEECH

OF

HON. ROBERT L. OWEN,
OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

Thursday, August 23, 1917.

Mr. OWEN. Mr. President, on August 20 I introduced a joint resolution which I think may have a most far-reaching effect upon this war if it should meet the approval of the Congress.

This joint resolution proposes, as a war measure, an international convention for the purpose of terminating international anarchy, establishing international government in lieu thereof, and coercing the Teutonic military conspiracy by the organized commercial, financial, military, and naval powers of the world. I desire to read the joint resolution to the Senate, because it explains itself, requires but little explanation, and is the shortest way in which to present the proposals which I wish to offer.

"A joint resolution (S. J. Res. 94) proposing as a war measure an international convention for the purpose of terminating international anarchy, establishing international government in lieu thereof, and coercing the Teutonic military conspiracy by the organized commercial, financial, military, and naval powers of the world.

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the opinion of the representatives of the people of the United States assembled in Congress that international government, supported by international force, should be immediately organized to take the place of the existing international anarchy; that competing armaments should be replaced by a noncompetitive international army and navy; that the Teutonic military conspiracy to dominate the world should be overthrown by the combined commercial, financial, military, and naval powers of the world.

"That international government should be based upon the following principles:

"First. Every civilized nation and informed people should have the unquestionable right of internal self-government, with exclusive control within its own territory over immigration, emigration, imports, exports, and all internal affairs, with the right to make its own political and commercial affiliations.

"Second. The oceans and high seas should be free and open under international rules. All international waterways, straits,

and canals should be open on equal terms to the citizens of all nations. Equal terms should be arranged for fuel, repairs, and dockage in all ports for the ships belonging to the citizens of all nations.

"Third. All interior nations having no seaports should have the right of shipment of their goods in bond on equal terms and conditions, without tax, through any intervening territory to the seaports of any other nation with equal access to shipping facilities.

"Fourth. That there should be established by international agreement an international organization of all civilized nations with an international legislative council to draft rules of international law to be submitted to the several nations for approval. That when such rules of international law are approved by the parliaments, or lawmaking branch of the governments of three-fourths of the member nations, representing three-fourths of the total population of all the member nations, such international rules should be binding on all member nations. Such rules should be limited to the powers expressly delegated to such international legislative council and strictly confined to international affairs.

"Fifth. The international legislative council should elect and define the duties of a representative international executive cabinet to execute and enforce the rules established as international law.

"Sixth. The international legislative council should have representatives from each member nation exercising a voting power according to relative population, relative wealth, and relative governmental development, to be determined by international agreement.

"Seventh. The international legislative council should establish and define the duties of an international supreme court, with power to pass upon all questions of international controversy incapable of diplomatic adjustment but with no power to pass on questions affecting the reserved rights of nations.

"Eighth. The international legislative council should formulate the method for raising an international army and navy and for establishing an international blockade and other means for enforcing the rights of member nations under international law, such army and navy to be provided and sustained by the member nations pro rata according to relative population and wealth.

"Ninth. With the conclusion of the present war the nations of the world should agree to reduce in progressive stages their land and sea forces to a point preferably not to exceed internal or local police purposes and the quota required for the international army and navy.

"With progressive disarmament and international peace safeguarded by world government dissatisfied nations now held captive by dominant nations for strategical purposes could be safely given their liberty.

"Tenth. That the international army and navy should not be authorized to exercise military force further than to prevent or suppress the invasion of the territorial integrity of any of the member nations and in the blockade and embargo to enforce international law.

"Eleventh. That it should be a violation of international law and the highest international crime for any nation on any alleged ground to invade the territorial limits of another nation. The penalty of such invasion should be immediate international

blockade of the invading nation, embargo on all mail, express, and freight to or from such nation, and the suppression of such invasion by the international army and navy.

"Twelfth. That nations backward in education, industrial, and economic development, and in the knowledge of the principles of government should have their rights safeguarded on the principles of freedom, humanity, and justice by international agreement with a view to future self-government.

"Thirteenth. It is clearly realized that the program of progressive disarmament or permanent world peace is impossible of attainment until the military forces now ruling the Teutonic people, first, either voluntarily acquiesce in progressive disarmament and international justice as the basis of world peace; second, are forced to do so by the Teutonic people; or, third, are coerced to do so by the combined powers of the world.

"Fourteenth. That in order to bring this war to an early termination, the belligerent nations opposing the Teutonic powers should immediately cohere on a plan of international government pledging justice and peace to all member nations and the coercion of the military autocracy of Prussia by the commercial, financial, military, and naval forces of the world, giving assurance, nevertheless, to the Governments of Germany and Austria of their willingness to admit the Teutonic powers as members of the proposed international union on equal terms with other nations when they shall have met the conditions and given satisfactory guaranties.

"Fifteenth. In our opinion no reliance should be placed upon the vague suggestions of peace of the Teutonic military autocracy, but that their obscure proposals should be regarded merely as a military ruse. The peace resolution of the Reichstag, while promising well for the attitude of the German people, when they achieve self-government, can not at present be regarded as a proposal binding on or capable of enforcement by the German people, because they do not control their own Government, but are mere subjects and puppets of a military autocracy which has long conspired and still dreams of conquering the world by military force and terrorism. The United States and the nations opposing militarism should strenuously prosecute the war with every available resource, and no separate peace should be made by any of them until the menace of the military autocracy of Germany is removed.

"Sixteenth. It is our opinion that if a world-wide agreement can be established on the above principles, and the men now engaged in slaughter and destructive activities can be returned to productive industry, the world could quickly recover the gigantic shock of the present war and would be able without serious difficulty to soon repair the material injuries and losses already suffered.

"Seventeenth. The United States does not enter this war for material advantage, for any selfish purpose, or to gratify either malice or ambition. The United States will not approve forcible annexations or mere punitive indemnities, but it will approve a free Poland, the restoration of territory wrongfully taken from France and Italy, and restorative indemnity to Belgium and Serbia, and the adjustment of other differences by international conferences. It will favor extending international credits for the restoration of all places made waste by war. The United States enters this war in self-defense; to protect its

own citizens and the nations of the world in their present and future rights to life and liberty on land and sea. It does not wish the world to remain an armed camp.

"Eighteenth. No peace is desirable until the world can be safeguarded against a repetition of the present war. Competitive armaments must be ended and replaced by international cooperative armaments in order to assure permanent world peace.

"Nineteenth. That the President of the United States shall immediately submit the above resolution to the belligerent nations now defending themselves against Prussian military autocracy and invite them and all neutral nations by wire to an international convention for the purpose of considering the above principles and taking affirmative action for the early suppression of the Teutonic military autocratic conspiracy by the combined commercial, financial, military, and naval powers of all nations.

"Twentieth. The sum of \$400,000 is hereby appropriated to meet the cost of promoting such convention."

Mr. President, in waging war on the Prussian military autocracy for the suppression of its conspiracy to rule the whole world by military force and terrorism the people of the United States have determined to use every resource at their command until this object is accomplished.

The Pan-German leaders are in control of the governmental powers and of the Army and Navy of Germany. They demand world power. They demand annexations and indemnities. They regard treaties as scraps of paper. They have terrorized the seas, made war on us and on all nations, and conspired against our future peace. They are using the German people as puppets and pawns on the checkerboard of war.

In vain do the democratic elements of Germany—the sane elements of Germany—urge international justice. The military autocracy denounces the voice of moderation, of justice, of international reconciliation, except on their own terms and future dominance. They pretend to be willing to make peace, but it is a peace dictated by German victory that will leave the military group stronger than ever. They pretend to favor peace, but it is for the object of demoralizing the war-making activities of free Russia and of other opposing nations, while the military group gird up their loins for more strenuous efforts of a German victory with arms.

The conspiracy of the Prussian military autocracy to rule the world and destroy the democracies of the world is of long standing, as the secret treaty of Verona completely demonstrates. They capture neighboring territory and put the inhabitants to laboring for the military powers. They capture adjacent people and put the inhabitants in the trenches with rifles to help the military conspiracy in its lust for world-wide conquest.

Mr. President, heretofore I have submitted the language of the secret treaty of Verona. I call the attention of Senators again to this vital doctrine of the Hohenzollerns, the Hapsburgs, the Romanoffs, the Bourbons. It is strange it ever found the light of day. I beg you to listen to this language. It was made in 1822 and resulted in our issuance of the Monroe doctrine to tell them to keep off our democratic Western Hemisphere.

SECRET TREATY OF VERONA.

The undersigned, specially authorized to make some additions to the treaty of the holy alliance, after having exchanged their respective credentials, they agreed as follows:

ARTICLE 1. The high contracting powers, being convinced that the system of representative government is equally as incompatible with the monarchical principles as the maximum of the sovereignty of the people with the divine right, engage mutually, in the most solemn manner, to use all their efforts to put an end to representative governments and to prevent its being introduced in those countries where it is not yet known.

(See the CONGRESSIONAL RECORD, Aug. 13, 1917, p. 6554.)

Article 2 of that treaty pledged the destruction of the liberty of the press, because it was an agency by which representative governments, by which the liberty of men, made progress.

This treaty was framed in the interest of and signed by Metternich, representing the Hapsburg dynasty of Austria; by Bernstet, representing the Hohenzollerns of Prussia; by Nesselrode, representing the Romanoffs of Russia.

The Hohenzollerns have steadily pursued the policy to which it solemnly pledged its efforts in this treaty to destroy the democracies of the world and to suppress the liberty of the press.

They now have behind their policy 170,000,000 people—Bulgaria, Turkey, Austria—under the masterful control of the Prussian autocracy.

The world has not aroused itself any too soon if it wishes the democracies to survive.

It would be an act of madness for the world to temporize with this spirit, with this set and fixed policy of the Hohenzollerns of the Prussian autocracy.

German diplomacy throughout the world has been busy in weakening other nations whose powers might be used against the military autocracy.

I submit the record of the Hohenzollerns as compiled by the Security League (Exhibit D), which is convincing to any student of history.

They have gone to South America, to Central America, and to Mexico, and have made those people believe that the United States, loving liberty as it does, willing to make sacrifices for the good of mankind as it has been, free as it is from any desire to annex the territory of other nations—they have made those nations of the Western Hemisphere believe that the United States was the Colossus of the north, waiting a convenient time in which to absorb them and their property and overthrow their liberty.

Mr. SHERMAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. OWEN. I yield to the Senator from Illinois.

Mr. SHERMAN. I am in full sympathy with what the Senator states. Would the Senator favor waging war to depose the present reigning house of Germany?

Mr. OWEN. Absolutely. That is what I am waging war on right now.

Mr. SHERMAN. And not leave it to the German people?

Mr. OWEN. And not leave it to the German people. I am not willing that the German people should be led by the Hohenzollern house under a military autocracy that threatens every neighboring nation and has finally gotten in its grasp

170,000,000 threatening the democracy of the world. If the Germans wish to use the Hohenzollerns as a social ornament, we should perhaps raise no objection; but if they use them as the head and front of a conspiracy to assault the democracies of the world and threaten our future peace, we should not agree to it; if the Hohenzollerns use the Germans, and, dominating them, compel the poor Germans to make war on others, then even the Germans should help to put this Jonah into the sea.

Mr. SHERMAN. May I inquire further if the Senator would restore the independence of Bohemia as a part of the Austria-Hungary Empire?

Mr. OWEN. Mr. President, the policies which are being laid down in this joint resolution will lead to the liberties of all the Teutonic people, including the people of Bohemia.

Mr. SHERMAN. That would follow with the restoration of Poland?

Mr. OWEN. It would follow with the restoration of liberty.

Mr. SHERMAN. I ask specifically about Poland.

Mr. OWEN. I will answer the Senator by saying that both the German authorities and the Russian authorities agree upon an independent Poland. They differ as to means.

Mr. SHERMAN. That was the point. I wish to go along with the Senator on all these things. I think we are substantially agreed that the restoration of Poland will require some disciplining of one of our present allies. In 1772 the original partition of Poland by Russia, Austria, and Prussia took place.

Mr. OWEN. I will place in the RECORD, that was done by the Romanoffs, by the Hapsburgs, by the Hohenzollerns. I will place in the RECORD now the evidence that free Russia desires a free Poland.

Mr. SHERMAN. There is no difference between the Senator and myself on that.

Mr. OWEN. No, there is no difference, I am sure, in policies and purposes between the Senator and myself. The time has come for the United States to use every energy to organize the powers of the whole world in suppressing the Teutonic military autocracy and suppressing forever its conspiracy to rule mankind by military force and terrorism.

Mr. SHERMAN. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. SHERMAN. The President not long ago, within the last two years, said that each independent sovereignty has a right to determine its own form of government. He was particularly speaking of Mexico at that time. That does not apply to Germany, does it?

Mr. OWEN. I think it does most fully, most completely. That is what I desire and hope to see.

Mr. President, in organizing the world to break down the Teutonic military conspiracy against the world the world should, nevertheless, give assurance to the Teutonic people that the world does not wish to crush the Teutonic people or require of them more than absolute justice demands in the way of restoring territory wrongfully taken, property seized, appropriated, or destroyed by the Teutonic people under the leadership of the Prussian military autocracy.

I have submitted Senate joint resolution No. 94, containing a plan which I believe will lead to an earlier overthrow of the Teutonic military conspiracy, which will lead to an earlier

awakening of the Teutonic people to the danger of such leadership, and to the necessity of their demanding the right of self-government in order that sanity may be restored to their councils. My proposal is an immediate international convention of all belligerent and neutral nations to establish an international government, with legislative, executive, and judicial powers and an army and navy to enforce the rights of member nations and to coerce Prussian militarism.

Mr. President, we have not any international law. The so-called Hague Conventions are scraps of paper; they are unanimous-consent agreements. Behind those conventions the Hohenzollerns concealed their military preparations until they could pounce upon their neighbors unawares. Those conventions are worse than useless, they have served an evil purpose. But the fact that 32 nations there agreed upon the adoption of compulsory arbitration, the fact that 32 nations there desired to bring about a means of ending international war and anarchy, the fact that those 32 nations represent seven-eighths of the people of the world, gives every reason to us to believe that they could now be cohered together in such a way as not to interfere with individual nations, not to interfere within the bounds of any nation, but use the combined efforts of all to prevent any nation becoming an international outlaw and threatening the liberties of the world.

Mr. SHERMAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. OWEN. I yield to the Senator.

Mr. SHERMAN. What would the Senator do with the German philosophers like Nietzsche and historians like Treitschke?

Mr. OWEN. I would leave them to the German people, who will take care of them.

Mr. SHERMAN. They are the responsible foundation, Mr. President, of the servility of the German people who have submitted to the doctrines of militarism.

Mr. OWEN. I can not agree with the Senator from Illinois in that respect.

Mr. SHERMAN. If the Senator will permit me, the philosophy of Nietzsche is the foundation for the work of all the German professors who have led to the subordination of the civil to the military power.

Mr. OWEN. That is quite true; but these professors and these teachers are the hirelings of the Hohenzollerns, who for over a hundred years have had eulogy after eulogy paid for in Germany.

The Hohenzollerns are responsible for these moral, historical, psychological lunatics who have helped to make German opinion insane.

Mr. President, some critic has said, in relation to this world cooperation which I propose, "This is Utopia."

My answer is, first, Utopia is better than hell, and, second, that this proposition is not Utopian, and, third, it is already nearly an accomplished fact in the union of the great belligerents now waging a common war on Prussianism. Seventeen nations are now cohering on the battle line of Russia, of Italy, of Belgium, of France; 17 nations now are bound together in bonds of steel and of brotherhood against military autocracy ruling

the world. We have only to take the step to bring them together around the council table, but it takes initiative to do it. Some nation has got to take the first step of inviting cooperation.

I pray the Father of us all it may be our great Republic that may perform this humane task and justify the prophecy of France in giving us the Bartholdi Statue—

“LIBERTY ENLIGHTENING THE WORLD.”

You will remember, Senators, that in 1899 Nicholas, although a Romanoff, in the compassion of his heart, proposed to the nations of the world gradual and universal disarmament. Who was it that defeated it? It was William II and his Teutonic group of military autocrats. Who was it, when The Hague Convention met in 1899, stood in the way of a similar proposal? It was the same group. Who was it, in 1907, who prevented the coherence of the world to prevent future wars? It was the Teutonic group again, led by William II.

Mr. President, without any adequate organized effort on the part of the United States, 17 out of 44 nations at The Hague have already declared war on the Prussian autocracy, to wit, Great Britain, the United States, France, Portugal, Italy, Russia, Serbia, Montenegro, Roumania, Greece, Japan, China, and little Cuba, and Panama, and Siam, and Liberia, and San Marino. These nations now at war with the Prussian military autocracy represent over three-fourths of the people of the whole world.

Brazil, Bolivia, Guatemala, Honduras, Nicaragua, and Haiti have severed diplomatic relations and are on the point of war.

Argentina, Peru, Chile, and others are on the point of severing diplomatic relations.

Seven-eighths of the people of the world are at heart opposed to the ambitions of the Prussian military autocracy, and the United States should strenuously take steps to induce every neutral nation to combine with the entente allies in making war on the Prussian military autocracy. There are compelling reasons to justify the neutral nations to cooperate. We should give voice at the same time to the aspirations of mankind for the establishment of a means by which to assure through all future time the liberty, the peace, the happiness of all mankind. This is what every nation wants. China, the reserved, the oldest of organized nations, understands this, as shown by the presidential mandate declaring war on the Teutonic powers.

I beg Senators to listen to this language of the Far East. The proclamation declares:

The chief aim of this declaration is to put an end to the calamities of war and hasten the restoration of peace. * * * Until considerations involving the existence of the nation forced this momentous decision, it was not thought possible that its rights—

China's rights—

under international law should have become impaired, the peace of the world retarded, and the position of the family of nations undermined. We are forced to fight in reestablishing the family of nations and to share in the happiness and benefits to be derived therefrom.

This mandate was signed by the premier of China and all the ministers.

Those ideas undoubtedly are American ideas, and if they were not transplanted to China previously, certainly they were presented by the representatives of the United States now at

Pekin. What persuades China will be presuasive also as to other nations.

Every nation which has already declared war upon the Prussian military autocracy has been moved by the spirit of self-defense against an international outlaw, against international anarchy, and in safeguarding its own future peace.

And the same considerations which have moved 17 nations to declare war, representing three-fourths of the inhabitants of the world, will suffice to cohere them in an international government against a future war by the Prussian military autocracy, and persuade every other self-respecting nation of the world to adhere to the same policy, except perhaps Denmark, Holland, and Switzerland, who stand in deadly awe of the contiguous Teutonic military forces, and they will adhere when the present war is over.

Mr. President, I believe the principles which are laid down in the proposed resolution as a basis of international government will be acceptable, in substance, to all the nations of the world, and to the better elements of the Teutonic people, but are not acceptable, of course, to the war-mad Prussian Pan German elements. The Pan German element demanding the doctrine of "Deutschland Uber Alles" will have to be coerced at home or conquered by foreign armies.

There is some reason to believe that the German people are about to awake from their dreams, and that even the military group may be coerced by German opinion; but certainly the world will never permit to prevail the conception of Gen. Von Liebert, a spokesman of the German war party, who is quoted in a speech at Rathenow, Prussia (Washington Post, Aug. 20, p. 3), as saying:

We can not sign a peace before we have Flanders coast, a colonial empire, and maritime bases. Should we not realize this now, we must prepare to work for it after the war *in view of the next war.*

Mr. President, the Prussian military autocracy is not going to have the power or opportunity to lead the world into any "next war." It is going to be disarmed by force, if necessary; and if the German people insist upon backing this war-mad Prussian conspiracy, the German people will unavoidably reap more unhappy consequences than are already in sight.

Gen. Von Liebert does not express the body of German opinion. The majority of the Reichstag seem ready for peace and to abandon the Pan-German military program of annexation and indemnity on their neighbors as a condition of peace. The willingness of the Reichstag to forgive Belgium and France and excuse them from the payment of indemnities is a sample of Teutonic magnanimity and lack of humor.

Hugo Haase on July 19 offered a resolution in the Reichstag representing a minority view, however, which shows some evidence of sanity, as follows:

The Reichstag strives for a peace without annexations of any kind whatever, and without war indemnification, upon the basis of the rights of the peoples to decide their own destinies. In particular, it expects the restoration of Belgium and the repair of the wrong done to Belgium. The Reichstag demands the initiation of immediate peace negotiations upon the foundation of this program. It demands an international agreement about general disarmament, freedom of international trade and intercourse unrestricted international freedom of movement, an international agreement for the protection of workmen from exploitation,

recognition of the equal rights of a State without regard to nationality, sex, race, language, and religion; protection of national minorities, and obligatory international arbitration for the settlement of all disputes.

The urgent preliminary condition for the achievement of peace and the carrying out of this peace program is the immediate raising of the state of siege. Moreover, it is necessary to effect the complete democratization of the constitution and administration of the Empire and its several States, and *this must end in the creation of a social republic.*

Herr Scheidemann, leader of the Social Democrats, on August 7, at Monheim, demanded a government really representing the will of the German people, and said:

But that is still not enough. When the Reichstag met we said, "This thing has got to go further. We want democratization; we want a clear declaration on the question of our war aims."

The Reichstag with its peace program has invaded the foreign policy of the Empire and brought about a complete defeat of the annexationists. But now the fight is going on over the decisive influence of the people in Empire and State. We want a State government consistent with the meaning of the suffrage message, and we want an Imperial Government consistent with the meaning of the Reichstag program. Our whole foreign policy must be conducted consistently with this program. And the German press must not be made the instrument of those who would gladly abolish the Reichstag resolution altogether from the world. Press and parliament belong to one another.

It is significant, Mr. President, that the authorities of Germany are now permitting on the interior of Germany an "offensive campaign for peace." It is significant that the proposals of Pope Benedict are immediately approved by Austria, and that the German authorities are indicating their disposition to acquiesce.

But it is also true, Mr. President, that German opinion will be greatly stimulated in favor of peace on the terms of international justice and on the terms which the entente allies will accept if we cohere against the Prussian military autocracy, every nation on earth, which we can do, and do speedily, because they are anxious to establish world-wide liberty to end the terrorism of the Prussian conspiracy.

The proposal of the Reichstag and of the chancellor (Exhibit A) solemnly declare that—

Germany took up arms in defense of its liberty and independence and for the integrity of its territories. The Reichstag labors for peace and a mutual understanding and lasting reconciliation among the nations. Forced acquisitions of territory and political, economic, and financial violations are incompatible with such a peace.

Mr. President, the whole world knows that this statement, while offered as a theory by the Prussian military autocracy to the German people, is utterly false. The Prussian military autocracy took up arms for the purpose of annexation, indemnity, profit, and world domination, and their leaders still confess and declare this to be their plan in spite of the Reichstag resolution to the contrary.

The unfortunate German people were mobilized and sent to the shambles not in defense of German liberty but in unjust offensive war on the liberty of Serbia, France, and Russia; not in defense of German independence but in offensive war on the independence of innocent neighbors; not in defense of the integrity of the territory of Germany but in offensive war on the integrity of the territory of innocent Belgium, Serbia; then France and Russia—the fixed Hohenzollern policy.

But it should not be forgotten, Mr. President, that the majority of the Reichstag represents, in a way, and inadequately, the

Social Democrats of Germany, who, with all the limitations on suffrage, had 4,000,000 voters before the war, and the opinion of the German socialist democracy is of importance in determining the opinion of the German people, subjects and vassals though they are. I submit the declared opinion of the German Social Democrats. (Exhibit B.)

The German socialist democracy are, in fact, opposed to annexations of territory by force. They are opposed to war indemnities. They are in favor of restoration of national independence of nations subjected in war, and while they take, naturally, a German view in various particulars, they do favor national disarmament and freedom of the seas, while the minority socialists go to the extreme of democracy. (Exhibit B.) The latter favor a republican Balkan federation of free people, and they seek an international understanding on the basis of democracy. These opinions in Germany ought not to be entirely ignored and these opinions will be immensely strengthened by the activity of the allies on the firing line against the Prussian military autocracy. They will be strengthened by the Germans discovering that the whole world is combined against the Prussian military conspiracy, and that the whole world desires to deal justly by the Teutonic people, as well as to compel the Teutonic powers and people to respect the rights of other people with the same scrupulous decency.

The entente allies, while pressing the battle on the trench lines, should encourage the democratic elements of the Teutonic Empires by giving them assurance of the just purposes of the entente allies, and meet the false dogma of the Pan-German militarists that the entente allies, if victorious, will crush and enslave the Teutonic people.

The opinion of the Russian people is shown by the declaration of the Provisional Government and the councils of workmen and social delegates (Exhibit C) of April 9, 1917, of May 1, 1917, of May 4, 1917, and of June 13, 1917. The Russian Government desires an independent Poland. The Russian Government does not seek annexations or indemnities for free Russia. It strenuously demands, however, that the menace of the Prussian military autocracy shall be ended by military force, and Russia would agree, I hope, to the proposals which I have submitted.

English opinion, I am satisfied, would approve some world arrangement for the speedy coercion of the Prussian military autocracy and would approve a world plan for the maintenance of the future liberties, peace, and happiness of mankind. Mr. Asquith very properly pointed out that the military autocracy possessing the political power of Germany not only did not give its free and full assent to the Reichstag resolutions, limited as they were, but made equivocal comments that left the autocracy open to demand a "German peace" based on German victory, which will not be considered by the entente allies, and he asks the German chancellor plainly a question whether the German Imperial Government is ready to grant Belgium absolute independence and make full reparation for the colossal damage done that devastated country, and he stated with great force that—

The German Government does not speak for the Reichstag, so the Reichstag itself does not speak for, or at any rate does not give full

expression to, the whole view and opinion of the mass of the German people. I believe that to be at this moment one of the greatest obstacles to the attainment of peace. It is one which does not lie within the power of the allies to remove. It lies within the power of the German people. It can not be too clearly, too emphatically, or too often stated. This is a matter not for any governments but for the peoples or for the governments only in so far as they can claim to be the authentic spokesmen and interpreters of the peoples for whom they stand. Once that is generally realized throughout the democracies of the world, I believe that we shall be within measurable distance of a lasting and an honorable peace. Meantime we should not be helping the advent of peace if we were to give the impression that there is any halting in our determination or any doubt of our ability to carry on, if need be, the burden which we took up with a clear conscience for great ends and which we can only in honor lay down when we feel sure that those ends are going to be achieved.

Mr. Bonar Law, chancellor of the exchequer, said—

They tell us that Germany is quite ready for a reasonable peace. Why have the Germans never put down their peace aims in any shape or form? Ours may have gone too far; but at all events, we had the courage to state them before the world. Germany has never done anything of the kind. And why? Because she does not mean what those honorable gentlemen say she means, and because that would be found out the moment any peace terms were put in black and white. * * * We are not only fighting for the freedom of ourselves, though that is the essence of our life; we are fighting for the rights of other nations besides Germany to live their lives in their own way. * * *

Now I come to what is the real aim so far as this country is concerned in this war. I have thought from the beginning, and I repeat now, that the one thing which we are fighting for is peace, and security, *for peace in the time to come.*

Mr. President, there is only one way in which to have peace for time to come, and that is to end competitive armaments and the ambitions of military dynasties. This can be done by international government and the substitution of international police in lieu of competing armaments and in no other way.

Mr. President, the fact that Pope Benedict proposes "simultaneous and reciprocal diminution of armaments" with the approval of Austria and apparently with the approval of the German Imperial Government, seems to promise that even the Teutonic autocracy is coming to its senses.

We will help them to reach a condition of sanity by multiplying our war efforts and by coordinating every nation in the world in this struggle against the world domination of the Teutonic powers.

With the end of competitive armaments, the Teutonic military dynasties would have no important function; they would have no real power. The Teutonic peoples would then control their own governments.

There would be no demand then for vassal States, with their subject rifles and economic resources. The German people would then have no need for the iron mines of Alsace-Lorraine for war-making purposes, but the iron ores of Alsace-Lorraine would be equally available for the German factories, the French factories, or any other factories in Europe. The whole "doctrine of balance of power" would be ended in Europe because the balance of power would not be then weighed in the scales between one alliance and an opposing alliance, between Teutonic alliance and entente alliance. The balance of power would be transferred to an international council of sovereign States in the interest of every nation in the world. There would no longer be any reason why there should not be organized republican

States in the Balkans, where each people speaking a common language could enjoy their own development and own self-government in harmonious relations with others.

The struggle over the Italia Iridenta would end, and Austria, who offered the Government of Italia Iridenta to Italy before the war, would have no reason whatever for then refusing this point under such favorable circumstances. The suspicions and jealousies which have existed heretofore between the nations would disappear before the establishment of progressive disarmament and the establishment of international police.

Mr. President, Mr. Bonar Law very wisely said that there was a great difference between the German people and the German Government, and when he said :

We shall not have peace in the time to come unless the German people are convinced that war does not pay, that their greatness and development must be found in other directions and not in plunging the world into war.

Mr. President, I think the German people will ultimately be satisfied that war does not pay. I earnestly hope that they may soon be satisfied on this point. I hope so for the sake of the youth of Europe, as well as for the sake of the youth of America, and of the nations of the earth now at war with the Imperial German Government. This end will be more speedily attained when the German people see that all the nations of the world are organized to end the military autocracy that has led the German people into this bloody conflict. The Germans will get no profit, but severe losses in men and property, which daily grows more fatal to her interests.

Mr. President, on May 27, 1916, President Wilson, after the issuance of the ultimatum to the Imperial German Government, said :

We believe these fundamental things :

First. That every people has a right to choose the sovereignty under which they shall live. Like other nations, we have ourselves no doubt once and again offended against that principle when for a little while controlled by selfish passion, as our franker historians have been honorable enough to admit ; but it has become more and more our rule of life and action.

Second. That the small States of the world have a right to enjoy the same respect for their sovereignty and for their territorial integrity that great and powerful nations expect and insist upon ; and

Third. That the world has a right to be free from every disturbance of its peace that has its origin in aggression and disregard of the rights of peoples and nations.

So sincerely do we believe in these things that I am sure that I speak the mind and wish of the people of American when I say that *the United States is willing to become a partner in any feasible association of nations formed in order to realize these objects and make them secure against violation.*

There is nothing that the United States wants for itself that any other nation has. We are willing, on the contrary, to limit ourselves along with them to a prescribed course of duty and respect for the rights of others which will check any selfish passion of our own, as it will check any aggressive impulse of theirs.

On May 30, 1916, President Wilson stated at Arlington National Cemetery :

I have stated that I believe that the people of the United States are ready to become partners in an alliance of the nations that would guarantee public right above selfish aggression. Some of the public prints have reminded me, as I needed to be reminded, of what Gen. Washington warned us against. He warned us against *entangling alliances.*

I shall never myself consent to an entangling alliance, but would gladly assent to a *disentangling* alliance, an alliance which would dis-

entangle the people of the world from those combinations in which they seek their own separate and private interests and unite the people of the world to preserve the peace of the world upon a basis of common right and justice. There is liberty there, not limitation. There is freedom, not entanglement. There is achievement of the highest things for which the United States has declared its principles.

Mr. President, the program I have outlined is thus shown to be in substantial accord with the views of the President of the United States. I want to call your attention to what he said in his address to the Senate on January 19, 1917:

No peace can last or ought to last which does not recognize and accept the principle that governments derive all their just powers from the consent of the governed, and that no right anywhere exists to hand peoples about from sovereignty to sovereignty as if they were property. * * * The world can be at peace only if its life is stable, and there can be no stability where the will is in rebellion, where there is not tranquillity of spirit and a sense of justice, of freedom, and of right. * * *

There can be no sense of safety and equality among the nations if great preponderating armaments are henceforth to continue here and there to be built up and maintained. The statesmen of the world must plan for peace and nations must adjust and accommodate their policy to it as they have planned for war and made ready for pitiless contest and rivalry. *The question of armaments, whether on land or sea, is the most immediately and intensely practical question connected with the future fortunes of nations and of mankind.* * * *

Let us plan for peace, Mr. President, by disarming on sensible lines.

The President said further:

I would fain believe that I am speaking for the silent mass of mankind everywhere who have as yet had no place or opportunity to speak their real hearts out concerning the death and ruin they see to have come already upon the persons and the homes they hold most dear. * * *

No nation should seek to extend its polity over any other nation or people, but that *every people should be left free to determine its own polity, its own way of development, unhindered, unthreatened, unafraid, the little along with the great and powerful.* * * * *There is no entangling alliance in a concert of power.* When all unite to act in the same sense and with the same purpose all act in the common interest and are free to live their own lives under a common protection.

I am proposing government by the consent of the governed; that freedom of the seas which in international conference after conference representatives of the United States have urged with the eloquence of those who are the convinced disciples of liberty; and that moderation of armaments which makes of armies and navies a power for order merely, not an instrument of aggression or of selfish violence. These are American principles, American policies.

All these principles are involved in Senate joint resolution 94.

Mr. President, the Democratic platform of 1916 voiced these American principles, and the Republicans believe the same doctrine:

We hold that it is the duty of the United States to use its power not only to make itself safe at home but also to make secure its just interests throughout the world, and both for this end and in the interest of humanity to assist the world in securing *settled peace and justice.*

We believe that every people has the right to choose the sovereignty under which it shall live (government with the consent of the governed); that the small states of the world have the right to enjoy from other nations the same respect for their sovereignty and for their territorial integrity that great and powerful nations expect and insist upon; that the world has a right to be free from every disturbance of its peace that has its origin in aggression or disregard of the rights of peoples and nations; and we believe that *the time has come when it is the duty of the United States to join with the other nations of the world in any feasible association that will effectively serve these principles and maintain inviolate the complete security of the highways of the seas for the common unhindered use of all nations.*

Mr. Lloyd-George, who is the exponent of English opinion, at Glasgow, June 29, 1917, struck the keynote when he pointed out the necessity, in obtaining permanent world peace, of ending military autocracies. He said:

What will have to be guaranteed first of all by the conditions of peace is that they shall be framed upon so equitable a basis that nations will not wish to disturb them. *They must be guaranteed by the destruction of the Prussian military power*, that the confidence of the German people shall be in the equity of their cause and not in the might of their arms. May I say that a better guaranty than either would have been *the democratization of the German Government*. * * *

No one wishes to dictate to the German people the forms of government under which they choose to live. That is a matter entirely for themselves, but *it is right we should say we could enter into negotiations with a free government in Germany*, with a different attitude of mind, a different temper, a different spirit, with less suspicion, *with more confidence than we could with a Government whom we knew to be dominated by the aggressive and arrogant spirit of Prussian militarism*.

Mr. President, the destruction of Prussian militarism may come in one of three ways—first, by *consent* of the military leaders before physical destruction comes; second, by the will of the German people before physical ruin ensues; third, by the physical force of the military powers of the entente allies.

The third means will be more costly in life to all nations, but will be applied if necessary, and is in very active operation at this time.

Lloyd-George well said:

Now we are faced with the greatest and grimmest struggle of all—liberty, equality, fraternity, not amongst men but amongst nations; great, yea small; powerful, yea weak; exalted, yea humblest; Germany, yea Belgium; Austria, yea Serbia—equality, fraternity amongst peoples as well as amongst men. That is the challenge which has been thrown to us. Europe is again drenched with the blood of its bravest and best, but do not forget these are the great successions of hallowed causes. *They are the stations of the cross on the road to the emancipation of mankind*. Let us endure as our fathers did. *Every birth is an agony, and the new world is born out of the agony of the old world*.

My appeal to the people of this country, and, if my appeal can reach beyond, it is this:

That we should continue to fight for the great good of international right and international justice, *so that never again shall brute force sit on the throne of justice nor barbaric strength wield the scepter of right*.

Mr. President, only by international government, backed by international force, is this ideal possible; only by terminating competing armaments and substituting therefor international cooperating armaments shall we see this great prayer adequately answered. Public opinion in the United States would assuredly approve permanent world peace on the basis proposed by Senate joint resolution 94.

The plan is essential—absolutely essential—to attain the ideal of permanent world peace and the overthrow of progressive militarism, so ardently desired by the statesmen of the entente allies.

Mr. President, we already have 17 nations waging this war in concert. We already have 17 nations allied together for the suppression of the Prussian autocracy. We already have nations representing three-fourths of the people of the world allied together for the purpose of crushing the menace to the liberties of the world of Prussian militarism. These nations ought to have their representatives meeting around a table

for common action, declaring a common policy, and not compelled to carry on an interchange of views at variable distances of thousands of miles which circle the earth from China to the United States, from Japan to London. We ought to get together in common concert, in a common understanding as to international rules to safeguard our future relations toward each other and toward the common enemy. What sound argument can be urged against it? It is not an entangling alliance; it is what President Wilson very appropriately called a "disentangling alliance." An alliance with one of two military groups contending for greater power would be an entangling alliance. An alliance with all the nations of the world to prevent any nation or group of nations threatening the world is a *disentangling* alliance, which we ought to establish as speedily as possible.

Mr. President and Senators, I have submitted the proposal. I pray it may be considered thoughtfully by you and by the thinking men of all nations.

Improve upon it, perfect it, but act; act at once, while the iron is hot to hammer in shape the links which shall bind us to other nations in bonds of fraternity, liberty, equality, and guarantee to all mankind, including the Teutonic people, perpetual prosperity and happiness.

[For exhibits A, B, C, D see CONGRESSIONAL RECORD, August 23, 1917, p. 6887.]

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REMARKS
OF
HON. ROBERT L. OWEN
A SENATOR FROM OKLAHOMA

ON SENATE BILL 3928

TO ESTABLISH THE FEDERAL RESERVE FOREIGN BANK
and thereby

MAINTAIN THE AMERICAN DOLLAR AT GOLD PAR THROUGHOUT
THE WORLD

FURNISH AMERICAN COMMERCE WITH STABLE EXCHANGE AND
CREDIT FACILITIES IN FOREIGN COUNTRIES, and
PROMOTE THE FOREIGN COMMERCE OF THE UNITED STATES.

IN THE

SENATE OF THE UNITED STATES

FEBRUARY 25, 1918



WASHINGTON

1918

44883—18251

REMARKS

HON. ROBERT L. OWEN

A SENATOR FROM OKLAHOMA

ON SENATE BILL 3222

TO ESTABLISH THE FEDERAL RESERVE FOREIGN BANK

AND TO

MAINTAIN THE AMERICAN DOLLAR AT GOLD PAR THROUGHOUT

THE WORLD

AND TO

FURNISH AMERICAN CURRENCY WITH STABLE EXCHANGE AND

CREDIT FACILITIES IN COUNTRIES AND

PROMOTE THE FOREIGN TRADE OF THE UNITED STATES



SENATE OF THE UNITED STATES

FEBRUARY 25, 1912



WASHINGTON

1912

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REMARKS
OF
HON. ROBERT L. OWEN.

Mr. OWEN. Mr. President, on February 20 I introduced a bill (S. 3928) proposing to amend the Federal reserve act, and to establish a Federal reserve foreign bank.

Mr. TOWNSEND. Mr. President, may I ask the Senator a question?

Mr. OWEN. I yield.

Mr. TOWNSEND. Does the Senator propose to bring up the bill this afternoon?

Mr. OWEN. No; I do not. I am going to submit some remarks upon it, because I want to give the reasons justifying the passage of the measure when it has been properly considered by the committees. Congress rarely moves beyond accepted public sentiment, and this is a matter which I regard as of very great immediate urgency.

I will call attention, for instance, to what is transpiring just now in Great Britain. I found in the morning press this statement:

"Forty British banks, including some of the largest in the British Empire, and with oversea branches, organized an association of oversea banks for the purpose of furthering British oversea trade and for the extension of banking facilities. This institution will also furnish trade information to British merchants.

"The British Government has fully approved this plan and is rendering assistance and encouraging the organization of institutions which have for their purpose the extension of British trade."

There are several of these important international organizations being framed now in London. Also France is taking steps along the same line. Germany has its bank plans adequately organized now.

This bill which I have proposed contemplates a capital of \$100,000,000 authorized with a paid-up capital of \$20,000,000, the stocks to be at 5 per cent, nontaxable, and to be offered to banks of the United States and to the public, and if not subscribed to be taken by the Treasury of the United States.

It gives corporate power to these banking institutions, authorizes a directorship of nine men to be appointed by the President of the United States, and that these directors shall be merchants and not bankers in the same way that the government of the Bank of England is controlled by merchants and not by bankers, these directors to serve for a period of nine years, one being chosen annually. The functions of the bank, the powers of the bank, will be "to receive the deposits from

American and foreign banks and bankers, from the United States or foreign governments, in current funds in lawful money, national bank notes, Federal reserve notes or checks, and drafts, payable upon presentation, and also for the collection of maturing notes and bills."

"The foreign bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions—that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or which are to be used for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount within the meaning of this act.

"The aggregate of such notes, drafts, and bills, bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one bank, shall at no time exceed 5 per cent of the net unimpaired capital and surplus of said foreign bank, but this restriction shall not apply to the discounting of bills of exchange drawn in good faith against actual existing values. The foreign bank may discount acceptances of the kinds permitted under the authority of this act."

It shall have power "to deal in gold and silver coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold";

"To buy and sell, at home or abroad, bonds and notes of the United States, bonds and notes of foreign governments, and bills, notes, revenue bonds, and warrants, with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

"To purchase and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions as hereinbefore defined;

"To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount and exchange and commissions for the opening of credits at home or abroad, to be charged by the foreign bank for each class of paper, which shall be fixed with a view to accommodating commerce and business;

"To issue bank notes and receive Federal reserve notes upon like terms and conditions as now provided for the Federal reserve banks;

"To open credits at home and abroad for account of domestic and foreign banks or bankers, to facilitate exports and imports to and from the United States and exports and imports to and from one foreign country to another foreign country."

I pause to say, as from China to Russia, which would go through the United States, and which might be properly facil-

tated by the financial powers of the foreign bank which I have proposed.

Further powers of the bank, "upon the direction and under rules and regulations prescribed by the Federal Reserve Board to establish branches and agencies in foreign countries for the purpose of facilitating commerce with the United States.

"No bank, banker, corporation, or individual, other than the foreign bank, shall sell dollar balances at less than gold par except as payment for merchandise imported into the United States without the express authority of the Federal Reserve Board."

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER (Mr. HOLLIS in the chair). Will the Senator from Oklahoma yield?

Mr. OWEN. I yield.

Mr. POMERENE. The Federal reserve act authorized the different banking corporations to form branch banks abroad?

Mr. OWEN. Yes; it did.

Mr. POMERENE. Can the Senator state to what extent the banks have availed themselves of that power and privilege?

Mr. OWEN. Practically not at all. At first the Federal reserve law contemplated that they would do that voluntarily, but they did not voluntarily establish these foreign branches. Thereupon the Congress of the United States, at the instance of the Federal Reserve Board, passed an amendment authorizing the Federal Reserve Board to require them to do this; but the Federal Reserve Board seems not to have found it practicable for some reason to compel any of these banks to establish foreign branches.

Mr. POMERENE. They have established foreign branches in South America, have they not?

Mr. OWEN. No, sir.

Mr. POMERENE. The National City Bank?

Mr. OWEN. The National City Bank is not a Federal reserve bank. Some American national banks have established in the last three years several foreign branches. The National City, of New York, has established a branch at Buenos Aires, one at Rio Janeiro, and another bank or two in Brazil, one at Caracas, one in Colombia, one in Cuba, one at Panama, I am told, and perhaps several other branches. That, however, is a private bank, a member of the Federal Reserve System, and a very powerful institution, but still an institution run necessarily by the nature of its organization for profit.

Mr. POMERENE. It is given authority under this act to organize?

Mr. OWEN. Yes; that is quite true; but there is no publicly controlled bank with foreign branches all over the world charged with the duty of furnishing the member banks of the great Federal Reserve System with foreign exchange and with furnishing importers and exporters with the credit facilities and with the exchange facilities which are vital for the legitimate and urgently needed expansion of our import and export business.

Mr. President and Senators, with a trade balance in our favor of over \$3,000,000,000 for 1917, and with the American dollar backed by the largest amount of gold in the world, and backed

by the most active industrial life in the world, the American dollar is at a discount in the neutral countries of Europe of over 20 per cent, and even in South American countries is at a discount as high as 20 per cent.

The Secretary of State a few days ago, before the Committee on Appropriations of the House of Representatives, found it necessary to point out in his testimony there the astonishing condition that the American dollar was at a discount practically all over the world when all the world is indebted to America. It ought to be at a premium under such trade conditions, and there is something radically wrong in our international management when that condition is permitted to exist. It can be corrected, as I shall presently show. We lost \$100,000,000 last year by it; we lost more than that. We lost practically \$200,000,000 in our international exchange with Europe.

I submit, without reading, a table showing the imports and exports for 1916 and 1917, amounting to \$9,183,000,000 total of visible imports and exports, and showing a trade balance in favor of the United States of \$3,378,000,000. (See Exhibit A.)

I pause to remark that the trade balances must always be clearly understood as signifying only that state of the census of shipment of commodities shown on bills of lading, and do not in fact measure the full amount of international exchanges of value, but only commodities shown upon the commodity manifest customhouse records.

Our trade balance with Spain, for example, for 1917 was \$55,587,690, yet the Spanish peseta, instead of being exchangeable for our dollar at 19.30 cents, is selling for 24.30 cents, a flat loss of 5 cents out of 20 cents, or 25 per cent loss. In point of fact, the American dollar should be at 25 per cent premium in Spain, and not 25 per cent discount, so that our loss justified by the exchange balance of trade is twice as great as it appears. At all events, we certainly have a right to demand that our dollar, notwithstanding, should be at gold par in Spain.

There is a flat loss of 5 cents out of 20 cents every time an American merchant is compelled to buy a peseta with American gold or with American credit based on gold. In point of fact the American dollar should be at a 25 per cent premium in exchange, because they require \$55,000,000 of American money in order to pay their debt to us. They need the dollars, if we are only dealing with our exchange with them, and it is not fair to us that we should be put in the attitude of being required to pay a premium on their money when they ought to pay a premium on ours, if the exchange of commodities between the two countries is to determine that matter.

The fact that the Spanish peseta, however, is at a premium of 25 per cent means, in round numbers, that instead of an American dollar buying 5 pesetas it buys 4. It means that our merchants who bought \$36,000,000 worth of goods from Spain, which they paid for in pesetas, receive in Spanish commodities 25 per cent less than they would have received if our dollar was at gold par in Spain. It means that the Spanish merchants who bought \$92,000,000 worth of goods from us get with their currency one American dollar for 4 pesetas, and with that dollar, bought with 4 pesetas, get a like advantage in buying American goods, notwithstanding the fact that these pesetas in Spain do not leave

Spain. The Spanish currency in gold thus buys more and our gold currency buys less because of this unadjusted condition.

It means, as I understand it, that out of the transactions between Spain and the United States in 1917 of \$125,000,000 we suffered a net loss amounting to a fourth of this sum, approximately \$33,000,000. It is just as much taken out of the United States as if it had been taken out of the Treasury of the United States and transferred in gold and given to Spain. It is taken out from our merchants, from our consumers, from our producers, and given to the merchants and consumers of Spain. The United States Government understands this difficulty and is trying to correct it just now by arranging with France to establish a French credit in Spain that will bring Spanish exchange to par, because Spain is an international creditor. Take it altogether she has shipped out more goods than she has shipped in. So she is entitled to an international credit trade balance, and that has to be offset either in commodities, gold, or credit. The United States Government understands this difficulty, as I said, and is trying to arrange it. Spain has been reluctant to do this because of the extraordinary trade advantage of a premium on her currency to her and the matter has been hung up by the Spanish authorities. Besides this, we were compelled to ship Spain \$88,000,000 of gold to meet the debts of Great Britain and France to Spain, only to end, nevertheless, to our still unbalanced trade disadvantage, because Spain is still an international commodity creditor. The Spanish merchant takes 4 of his pesetas and buys an American gold credit dollar in London and with these dollars buys American commodities at a like discount, so the American exporter gets for his dollar a Spanish credit of but 4 pesetas when he should get 5 pesetas. He loses 1 peseta on every 4 pesetas, or 25 per cent loss. When the American importer wants to buy in Spain he takes his American gold dollar and, through London, gets 4 pesetas credit in Spain, suffering a like loss, which then falls on the American consumer in due course of trade.

Notwithstanding our furnishing \$88,000,000 of gold to Spain, we still suffer the consequences of the credit trade balance of Spain internationally considered.

The British and the French, both through private sources and by privately owned banks, are correcting this trade disadvantage of the premium on Spanish money, as far as some of their own special merchants are concerned, by establishing private banking credits in Spain and branch banks in Spain, which they will maintain until this unjust premium on Spanish exchange disappears, thus avoiding the loss to certain favored merchants of France and England, which our merchants are compelled to endure by the failure of our officials and of our bankers to safeguard in like manner our merchants. We have so far failed in the adjustment above referred to of furnishing credits in Spain. The premium on the Spanish exchange can be removed in the following ways:

Either by shipments of gold to Spain to settle her international credit trade balances or by arranging national or individual credits in Spain to cover these international credit trade balances until the international credit trade balances are removed, or by shipments of commodities to Spain to overcome the international

credit trade balances due Spain, or by forbidding arbitrage and having England and France settle their balances directly, as we would then do, and put our dollars at a premium.

The same thing is true in degree with Holland, Denmark, Norway, and Sweden. Our trade with Spain, including these countries, amounted in 1917 to \$450,000,000, involving a loss in 1917 of approximately \$100,000,000 instead of a gain of \$100,000,000, to which we are entitled by our trade balances.

We have no orderly method to protect our American merchants and American producers and American consumers against these losses. Our international bankers are interested as bankers in selling exchange, but they are not charged with the responsibility of establishing the American dollar at a premium or at gold par. They are naturally content with their commissions, charges, and profits for exchanges, which, apart from interest, amount probably to at least \$100,000,000 annually.

The United States, in order to establish the American dollar at gold par throughout the world and maintain the American dollar at gold par, must have a mechanism charged with the duty of safeguarding the American dollar as far as possible, such as I propose in the Federal reserve foreign bank.

For a half century the trade balances have steadily been in favor of the United States. We have a right to expect that this will continue, and that these trade balances will crystallize in the ownership by the people of the United States in securities and properties scattered throughout the world. This is what has made Great Britain the greatest financial power in the world. Great Britain has always had the wisdom to maintain the pound sterling at par. For this reason the pound sterling has become the standard measure of value throughout the entire world and has contributed largely toward making London the greatest commercial and financial center of the world.

The British Government buys London bills in New York and uses credits in New York in order to balance the deficit of an international trade-credit balance against her in order to keep the pound sterling at about par, so that a British merchant who handles the pound sterling as a measure of the transaction knows what he is talking about when he makes a contract, and the British Government finds it necessary to stabilize this measure of the British merchant's contracts. America has not had the wisdom to understand this, and I am now engaged in the business and the duty, as chairman of the Committee on Banking and Currency, of calling the attention of the country to this matter in the hope that the Congress of the United States will speedily correct it.

Mr. SHEPPARD. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. SHEPPARD. Through what agency does the British Government perform that function—through the Bank of England?

Mr. OWEN. Yes; through the Bank of England, which serves as the treasury of Great Britain; and the Bank of England is a bank whose directorship is controlled by merchants and not by the bankers.

Mr. SHEPPARD. I understand that no commercial banker is a member of the board of directors.

Mr. OWEN. No; he is not permitted to be, for a reason the United States ought never to lose account of—that that great bank has for its function the protection of the industry and commerce of Great Britain as a public institution. Although the stock is owned by private hands, that matters not at all. It is a public institution nevertheless, just as I propose here that this stock may be owned by private hands; but still it shall be governed by the United States Government. The trouble with the banker is that he always thinks in terms of interest, in terms of commission, and that is natural. That is not a criticism of the banker; that is his business. He is a merchant in credit and is not to be blamed that he thinks in terms of interest and commissions, and I must not be understood as meaning to criticize him at all.

I am only pointing out that he is not properly the custodian of the commerce of the United States; that is all; because he looks at it as a thing to serve his interest instead of looking at himself as purely to serve its interest. There is a difference in the point of view which is obvious.

I have prepared a bill, which I now submit (S. 3928¹) amending the Federal reserve act so as to establish a Federal reserve foreign bank. The 12 Federal reserve banks have found a field of such enormous activity in the domestic banking life of the United States that they have not been situated for adequately handling foreign business, further than the acquisition of a very small part of available foreign bills. They have utterly failed to meet the services expected. The foreign bank proposed is intended to serve as a medium through which all the reserve banks may safely, conveniently, and economically transact foreign business, if they wish; may buy and sell foreign exchange, and thus accommodate all of the banks in the United States, doing business with the Federal reserve banks, and to give like accommodation even to those banks and bankers who are not members of the Reserve System, in order that our importers and exporters, wherever located, may have every facility of buying and selling foreign exchange and establishing credits here and abroad for the purpose of buying foreign commodities and of selling domestic commodities abroad. It is intended by this act to provide banking accommodations to all our merchants who are buying and selling goods abroad, and to enable them the better to accommodate their home and foreign customers.

It has been said that nearly all the importers and exporters are located in New York City or in the immediate vicinity. As a matter of fact, the lack of these facilities, the very thing of which the country most justly complains, has compelled importers and exporters from the Pacific States, the Rocky Mountain States, the Mississippi Valley, and the Southern States to keep agents in New York to transact their import and export banking business, and this at great expense to them, and, moreover, the expense is one which has no justification in sound reason. In fact this is a great disadvantage to the importers and exporters of all the United States except New York City, and against this the country justly protests. Moreover, it has a most injurious effect upon the commerce of the United States, because

¹ See page 37.

the lack of these facilities throughout the body of our country prevents the expansion of export and import business with the body of our country, and is a thing which is against the development and prosperity of the United States.

Moreover, it is against the greater expansion and the greater prosperity of New York City itself, which would be benefited if the full powers of the United States in the export and import business could be developed, and that to its highest capacity, for, be it clearly remembered, finance is the handmaid of commerce, not commerce of finance—financial power follows successful commerce and decays with decaying commerce.

It has been said that this foreign bank would compete with the few New York banks having foreign-exchange facilities. It seems to me I heard something of this kind when we were framing the Federal reserve act. Then these New York banks bitterly complained that establishing 12 reserve banks would deprive them of deposits, of prestige, and of money-making power. Their lack of vision, as seen in the result, is fully evident. They have gained deposits enormously; they have gained prestige; they have gained increased power, with expanding power of the United States and its banking system. Only a half dozen New York member banks handle foreign exchange, and all of them should have these facilities through the foreign bank I propose.

The Federal reserve foreign bank would offer them facilities for serving their customers more economically, more efficiently than their own facilities can now afford. They would avoid the expense of keeping large deposits abroad, the expense of keeping foreign offices any further than their specialty might require them, and they could use this bank as an economical means of transacting their own business and would be able to liquidate their foreign bills through this bank in a manner which they can not easily do now. It would expand their power. It is true, I think, that where they are charging unreasonable commissions, unfair profits, and imposing unjust exactions which hinder the commerce of America, they would be, in the course of time, dissuaded from these practices by having a standard of fair value operating side by side with them. It would not interfere with their legitimate business. It might abate to some extent practices which are injurious to American commerce, injurious to our national development, and indirectly injurious to them in so far as they may be disposed to kill the goose that lays the golden egg. Our American bankers have not sufficiently realized that banking grows with commerce. The power and dignity of London are based on the verity of this conception. It will be remembered that the Bank of England has its directorate composed exclusively of merchants and not of bankers. They do not permit bankers merely to be on this board of directors for the obvious reason that the banker, who thinks in terms of interest and commission and profits and exactions, is not happily constituted to determine the best methods of serving commerce. Many bankers fail to really understand commerce. When Secretary McAdoo introduced Lord Cunliffe, governor of the Bank of England, as a banker, Lord Cunliffe quickly corrected this and said no, he was a merchant.

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This foreign bank would make mobile and liquid the foreign deposits of American banks and would attract from abroad very large deposits of foreign banks who would like to use the facilities of this Federal reserve foreign bank.

The powers given to the foreign bank are the same which have been given to the reserve banks, except that the foreign bank does not look to the reserve banks or to the member banks either for capital or for reserve deposits. The capital to be used by the foreign bank it is proposed to obtain by the issuance of 5 per cent cumulative nontaxable stock, giving to the United States the surplus earnings after a 50 per cent surplus is provided for the foreign bank. It is proposed that this bank shall begin with a paid-up capital stock of \$20,000,000 and a present authorized capital of \$100,000,000.

The resources of this bank will be further supplemented by deposits from banks transacting foreign-exchange business, in its international transactions, from the deposits of the United States, of foreign Governments, and of foreign bankers. The same safeguards are thrown around the foreign bank as have been found wise in the case of the Federal reserve banks, with the same powers of issuing notes and receiving Federal reserve notes. But the foreign bank is particularly charged with the duty of facilitating financial transactions involving imports and exports of our merchants, and it will be the duty of this bank, as far as possible, to promote the parity of the American dollar in other countries, which will itself be a very great aid for American commerce.

The establishment of a gold fund in Washington by the 12 Federal reserve banks for adjusting their balances with each other by bookkeeping entries instead of by actual transfer of gold has served a great public economy, and the same thing can be done with international exchanges by establishing a gold fund in the United States and abroad to serve a like function.

A very important proposal of this bill is the concluding paragraph, to wit: "No bank, banker, corporation, or individual, other than the foreign bank, shall sell dollar balances at less than gold par, except as payment for merchandise imported into the United States, without the express authority of the Federal Reserve Board." It is the intention of this provision to prevent the transfer of credits to the injury of the parity of the gold dollar.

I digress here to say that we may now make the American dollar at par in Spain by transferring credits to Spain. All in the world we need to do is to transfer a credit to Spain sufficient to cover the international trade balance or a credit to pay for our own imports from Spain. The moment that is done the premium on the peseta disappears, because in normal times there is no premium on the peseta; and if you establish a credit there to be paid at some future time in pesetas, when the peseta is at par you are obviating this 25 per cent premium now on the peseta. It is perfectly plain. A citizen can do that; a single bank can do that; the Federal reserve banks can do it; the United States can and ought to do that now in order to safeguard our merchants from loss, and not to safeguard alone the merchants from loss, but to safeguard the American consumer and the American producer from such losses.

A nation is composed of the sum of its parts; a nation consists of individual units. When the individual merchant, as one of

the units of our commercial and financial life, suffers a severe loss he transmits it to the body of the people through the goods which he handles. If he buys the goods where the American dollar is worth only 75 cents on the dollar he passes the loss on to the consumer; or, vice versa, he passes it to the producer, if he is buying for shipment under such conditions.

The reason for this is that the present tremendous discount of 25 per cent on the American dollar in Spain has been brought about by the transfer of American credits through London and Paris to Spain and the refusal of Spain to adjust the international differences by like credit transfers. If Spain can do this to our injury and to her advantage, we should protect our dollar by the same principle, and it takes actions, not words.

The United States, Great Britain, and France are now urging Spain to agree to take French securities or French credits for the purpose of correcting this injurious discount on American, English, and French money, all of which are suffering from a like discount in Spain, due to Spain's refusal to adjust by transfer of international credits.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. OWEN. I yield to the Senator.

Mr. POMERENE. The Senator from Oklahoma has indicated that Great Britain has been able to protect herself, because of the Bank of England and her methods of doing business throughout the world, against the very conditions from which we are now suffering. If she has those facilities, why is she not at present able to protect herself against Spain?

Mr. OWEN. Mr. President, what Great Britain does actually now, so far as Spain is concerned, is that private banking concerns in Great Britain have established branches in Spain and have established credits in Spain; and by establishing credits in Spain they have those credits represented in pesetas. They are carrying those pesetas as a credit and selling those pesetas now to favored British merchants in London, to the protection of those merchants who have the wit to see what the loss is, while they leave the current exchange at a discount in London for the "accommodation" of those who do not see. What I am trying to do is to make America see. I do not want this to continue, and that is why I am delivering this address now to the Senate in the hope of also persuading the people of the United States.

I have many letters from importers and exporters urging that the dollar be brought to gold par.

The present war binds the United States to Great Britain and France so closely that the United States dollar, the English pound sterling, and the French franc suffer in precisely the same way so long as we extend the American credits to our allies in excess of our actual net nominal balance of trade.

The nominal balance of trade is arrived at by ascertaining the difference in commodity shipments and the actual balance of trade is a very different thing. The actual balance of trade must be ascertained not merely by commodities but also by credit transfers, and into the determination of the actual balance of trade we must consider not only exchange of commodi-

ties and exchange of securities but many other factors, such as freight charges by Great Britain, for example, at \$150 a ton for furnishing our supplies to them, but also the charges, commissions, and profits paid by us in foreign ports; the purchase by our troops in France of large local supplies; the traveling expenses of our citizens abroad, and many such items which are not registered in any census bureau; also the purchase of foreign properties by Americans, and also interest payments which the United States is required to pay on stocks and bonds held abroad; also the interest payments which are payable from foreign countries to the United States; also remittances by foreign residents in the United States abroad to their friends and relations and many such factors which are not within the power of anyone to give. But we know that when the demand for the American dollar ceases and the American dollar is not at par that then a condition has arisen from these various causes at which we are being injured in a very subtle and very practical way, which falls first upon both our importers and exporters, and, secondly, upon our consumers of imported products and upon our exported products, injuring America in its most vital parts. This I wish to correct. I demand its correction and appeal to our business men in America to hold up my hands in the effort to furnish them a mechanism through which these unjust discriminations against the American dollar shall absolutely cease.

When peace comes the United States will be charged with the duty of maintaining its dollar at par, whether Great Britain or France protect their money at par or not, but the United States and our allies should attend to this matter now, for it is injuring us all.

The bankers in the Scandinavian countries and in Spain do not feel safe in carrying large balances in the United States, notwithstanding the stability of our Government, because, since we permit a fluctuation in exchange, they do not know whether they will receive the same amount back when the time comes that they will want their funds at home, and for the same reason American bankers hesitate to place credits in these foreign countries because when they want their money back they may find that the differences in exchange are interrupting them and preventing them from receiving their funds back dollar for dollar. For that reason the lack of parity in the currencies of the various countries comprise a very serious obstruction to commerce and prevent the easy establishment of an international gold fund which would safeguard all countries from the expense of shipping gold back and forth 3,000 miles across the Atlantic.

Any person of sound reasoning faculty ought to be able to see this. Nevertheless those who are called expert in banking seem not to have had the vision to properly apprehend it.

Some of the New York bankers in foreign exchange advise me that the exchanges are now furnished to importers and exporters at such low rate that there is no profit in the business. Strangely enough the same gentlemen advised me that this foreign bank is highly undesirable because it will compete with them in this undesirable business.

My attention was called yesterday to an interesting transaction involving the purchase of commodities from Spain, in-

volving in round numbers approximately \$100,000, on which there was a charge of one-half of 1 per cent by a bank of Washington, D. C.; one-half of 1 per cent by the bank in Baltimore, Md.; one-half of 1 per cent by a bank of New York City; and one-half of 1 per cent by the bank in Barcelona, Spain, amounting to \$2,000 charges outside of interest, without any risk whatever against commodity shipments insured at par and a transaction which would take probably 30 days to cover, thus imposing a tax on this 30-day accommodation of 2 per cent. I do not complain of these banks in the least. They are looking at it from the point of view of the banker and not from the point of view of merchants, but since the bank in Washington had no facilities to deal directly with the bank in Barcelona, they go through two other correspondents for sundry reasons. Evidently, if there were a Federal reserve foreign bank, a member bank could furnish its customers the accommodation more economically than by this crude, unscientific, and very expensive system. It is probably true that in some very large international transactions the rate might be very low, but taking it as a whole these rates are high, and, moreover, it not infrequently happens that the bankers take other advantages of those engaged in commerce to participate in their commercial profits with which the bankers have no proper connection, just as under the old system bank directors would negotiate accommodations through their banks and be paid privately for their valuable influence, a practice which the Federal reserve act found necessary to stop, because it was levying an unfair tribute upon American commerce. There are bankers engaged in foreign exchange who advise me that this foreign bank is highly desirable and that it will enable them to transact their foreign-exchange business more economically by having one Government-managed agency through which this business can be conveniently and economically handled.

I was astonished to be told a few days ago by gentlemen employed by the Government as experts that it was desirable to have the American dollar at a discount in the neutral countries of Europe, because, among other reasons, while it was against the interests of the American importer, it was beneficial in the same degree to the American exporter, because one was the opposite of the other. I have carefully analyzed this astonishing statement and I am of the opinion that there is no foundation whatever for any such suggestion; that the exact contrary is true. It injures the exporter as much as it does the importer.

The American commodity producer who has a thousand dollars' worth of commodity in America is entitled to buy a thousand dollars' worth of commodities in Spain on a par gold basis, but when he exchanges his commodities for American dollars, or exchanges his American dollars for Spanish pesetas, he gets 4,000 pesetas instead of 5,000 Spanish pesetas. He loses 1,000 Spanish pesetas in the exchange. He is entitled to receive 25 per cent more than he gets. An attempt has been made to confuse this proposition by saying that commodity prices in the United States have risen more than they have in Spain and in the neutral countries of Europe. This confusing suggestion would be better plead if it were a fact. It happens not to be a fact, however, and would have nothing to do with the case if it were a fact.

The point is that the American gold dollars will not buy on parity Spanish gold money. The fact is that the American gold dollar, because of international trade balances, arbitrage, gold embargo, and so forth, will buy only 75 per cent of Spanish gold money, regardless of commodities, and any attempt on the part of "experts" to cloud this issue with the suggestion that Spanish commodities have risen less than American commodities shows the poverty of argument of these gentlemen. They appeal to a statement of fact, which if true would be immaterial, and which is not shown to be true. Norway products rose on an average 110 per cent since the war; Sweden, 66 per cent; Denmark, 66 per cent; Netherlands, 54.8 per cent; Spanish commodities probably about 50 per cent. The average of staple commodities in the United States have not risen greater than this, although some specialties have done so where the allies urgently needed them.

The one unhappy fact appears to be that when the American producer, with his thousand dollars' worth of commodities, buys a thousand American gold dollars, he exchanges it for 75 per cent of Spanish gold money, and then with but 75 per cent of Spanish gold money he buys less of Spanish commodities than he would in normal times.

COMMERCE THE VITAL MATTER.

It is not a question, however, of merely accommodating foreign exchange banks, although this purpose will be served. The much more important matter is stabilizing foreign exchange as we have stabilized credits in the United States and lowered the interest rates in the United States by the Federal reserve banks. This bank ought to be controlled by merchants just as the Bank of England is controlled by those who are trained and specially skilled in commerce.

In a striking editorial by one of the greatest editors in the United States, Arthur Brisbane, of the Washington Times, of February 12, 1918, appears the following:

In the seventeenth century, when Cromwell had power, he asked himself first of all: "What does England need?" He knew that a commercial nation needed men that understood commerce.

And he points out that the policy of England established at that time of inviting to England men who understood commerce had resulted in the tremendous commercial growth of England, while those countries which treated men who understood commerce with indifference and with neglect and even with persecution went into decay.

America needs men who understand commerce. This bank ought to be controlled by men who understand commerce and not by bankers. The mechanism of banking is understood perfectly well by those who understand commerce, but the banker, who is engaged in banking for the purpose of making commissions, of getting the highest interest rate he can, does not sympathetically deal with commerce as commerce.

Men who have this point of view should not be in unrestrained control of American commerce, of the business of American importers and exporters, of American manufacturers, of American producers, of the interests of American consumers.

It was the inability of bankers to perceive that the commerce and industrial interests of America were superior to their private acquisition of property that made necessary the Federal

reserve act and which took out of their hands the power to fix credits in the United States, to make panics or squeeze credits from time to time in order that they might multiply their fortunes at the expense of the American people. They can still do that within degree, and they still do it within degree, beyond a shadow of a doubt. Any man who is familiar with Wall Street knows it perfectly well. The traders in stocks are very skillful in diagnosing the conditions when that situation arises, and those who are experts are enabled to play successfully on either the bull or the bear side, just as credits are being expanded or being contracted by those who measurably control the credit market in New York City. Under the Federal Reserve System, however, they can only now operate within a very restricted field.

It may be expected that gentlemen who take this view will oppose any activity of Government that will undertake to protect American foreign commerce. I shall desire these gentlemen to record their objections before the Committee on Banking and Currency in public, where their objections may be scrutinized with a microscope and answered by men engaged in importing and exporting in order that the truth may be made clear and that private interests shall no longer control the foreign commerce of the people of the United States. The United States Government should have as sympathetic an attitude toward foreign commerce as toward domestic commerce.

I call attention to an interesting editorial of Mr. Arthur Brisbane in the Washington Times of February 12, appealing for justice in this matter. [See Exhibit B.]

I submit an interesting editorial of the Journal of Commerce of February 11. [See Exhibit C.]

This very able editor of the Journal of Commerce points out that making foreign bills readily subject to rediscount would make such bills as liquid as domestic commercial paper. He points out that private banks sometimes hesitate to invest heavily in foreign bills because in case of a stringency they might not be readily saleable, while the foreign bank could immediately provide a ready market for such bills and when exchange was scarce, or when rates tended to advance, could ease the situation by selling exchange and so help in a most important way and lessen the injurious fluctuation of exchanges.

He points out the sound maxim that trade follows the loan, and that having a foreign bank properly organized for this service could be of substantial service to those engaged in expanding the foreign trade of the United States.

He points out very wisely that the prestige of Great Britain had been due to the fact that her foreign trade was established not only by efficient labor but by capital available in the right spot and at the right time and under the right conditions to facilitate foreign business and that this fact developed in Great Britain a large body of investors, accustomed to employing their capital in other countries; that their investments became the channels or outlet for the products of British industry just as the returns that came to them became the means of their financing other British imports and exports; that this accounts for the great world market in London. The same conditions are obviously essential to make New York City, and San Francisco,

and Galveston, and Chicago world markets by affording them like facilities.

He calls attention to the last words of President McKinley, warning "against the illusion that we could possibly have a permanent one-sided trade." In the long run imports are paid for by exports and exports are paid for by imports. The nations can not discharge balances of trade merely in gold, for they would exhaust quickly the gold basis upon which their currency is founded. America must encourage imports and exports. America must establish reciprocal trade relations with other countries. America must furnish her importers and exporters with a mechanism by which to accomplish this. This is the purpose of the bill I submit.

Through this bank we can accomplish many important results: First, we can give better facilities to our importers and exporters, and thus serve our manufacturers and our producers in field, forest, and mine. Second, we can thus enormously increase our foreign trade by extending these facilities through suitable credits, for commerce follows credit. We can make the capital of our importers and exporters go much further by giving them these facilities.

We can make more useful and more available United States credits now in foreign banks.

We can make and keep the United States dollar at gold par throughout the world and thus make the dollar the medium of international exchange and clear not only our own import and export business in American centers, but we can cause business between Asia and Europe to be transacted as it should be, through intervening financial centers in America, clearing sales of China tea, for example, to Russia through New York. These facilities will make the United States the financial center of the world, because we have the most gigantic and highly perfected banking system on earth, with the largest available capital resources in the world. The resources of the reserve banks alone are over three billions, and the bank resources of the United States now have a visible supply exceeding thirty billions.

It will lead to banks all over the world carrying balances in this foreign bank for the purpose of getting its accommodation. It will bring balances from foreign governments to this bank. I desire to see this bill perfected so as to meet the requirements of American commerce.

Recently the United States Chamber of Commerce held a very important convention of American business men at Atlantic City, lasting four days, September 17 to 21, 1917. This organization represents 400,000 merchants, wholesalers, jobbers, manufacturers, and business men, and they unanimously adopted the following resolution:

"Whereas the foreign trade of the United States for the last fiscal year shows a balance in favor of this country of nearly \$4,000,000,000; and

"Whereas loans to our allies greatly exceed our 'favorable balance of trade'; and

"Whereas the continuance of any set of conditions which tend to curtail imports, because imports represent the only form of cash payment which our entire foreign trade is yielding; and

"Whereas high foreign exchange premiums penalize imports and tend indirectly to increase the enormous inflationary debit balance which the Nation is rolling up against the future in the form of foreign loans; and

"Whereas the advances to our allies are now proving a boomerang, leading to the depreciation of the American dollar in foreign markets because of lack of governmental regulation; and

"Whereas all our allies are now taking every step necessary to protect their own currencies abroad; and

"Whereas the American dollar is now at a discount of from 3 to 20 per cent in neutral foreign countries: Be it

Resolved, That the United States Government, through its proper departments, take whatever action may be necessary to keep at parity the American dollar in every country of the world."

I believe that the Congress and the President of the United States and the executive officers of the Government should respect this expression of public opinion, especially when it is founded on sound reasoning and good sense.

The President of the United States undoubtedly is in cordial sympathy with this desire of the business men of America to improve their facilities for doing international business, and I respectfully submit some of the expressions from addresses made by the President referring to this question and pointing out in advance who may be expected to oppose it, and why.

Mr. STONE. Mr. President, if the Senator will permit me, it is quite important that the parity of our money should be maintained abroad in every country. Is the Senator going to follow what he has just been stating by suggestions as to the best way to do that?

Mr. OWEN. I have already made suggestions by which it may be done in four different ways.

Mr. STONE. Well, I was not present at the time.

Mr. OWEN. I will repeat them for the Senator. It is a very simple matter. It can be done by a transfer of commodities, by a transfer of gold, by a transfer of credits, or by the forbidding of arbitrage. The forbidding of arbitrage, I might explain, means that a debt of Spain to the United States can not be canceled through London; it must be canceled direct. It prevents the shifting of credits from one nation to another nation for the purpose of canceling credits between other nations; in other words, if we forbid arbitrage, then our commodity trade balance would put the American dollar at a premium in Spain, and the same thing is true with regard to all the neutral countries. Great Britain could not then borrow from us large amounts of money, pay her debts to Spain and other neutrals, and leave the American dollar at a discount while she safeguards her private merchants by private arrangements of credit transfers from London to Barcelona and to Madrid. That is what I am trying to call attention to.

Mr. HENDERSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nevada?

Mr. OWEN. I yield to the Senator.

Mr. HENDERSON. Do I understand the enactment of the bill which the Senator advocates would correct the evil of which the Senator is now speaking?

Mr. OWEN. No; it would provide a mechanism by which to prevent its recurrence.

Mr. HENDERSON. It would be another one of the means for curing the evil referred to by the Senator from Oklahoma in reply to the Senator from Missouri?

Mr. OWEN. Yes; it would provide a mechanism by which the evil would not be permitted to recur in future and could, if passed, effect almost an immediate remedy.

Mr. HENDERSON. I merely refer to that because I do not think the Senator from Missouri quite caught the point the Senator from Oklahoma was making.

Mr. STONE. Not being a financier, or the son of one, I do not quite understand why, if England borrows money of the United States and gives her securities at par for our money at par, she would transfer that borrowed money to Madrid or Barcelona or any other place to pay debts at 75 cents on the dollar. How could she do that without very great loss?

Mr. OWEN. England, when she borrows money from the United States, immediately pays it out to her manufacturers—

Mr. STONE. Yes.

Mr. OWEN. And her manufacturers, having these credits transferred to London, can then transfer them to Spain to settle their debts to merchants in Spain; and when they do that they give Spain an international credit balance. The consequence is Spain does not need our dollars to pay her debts here, but she uses the dollars which she has obtained from the British merchant to pay her debts here and that leaves us with our dollars at a discount.

Mr. STONE. Well, what kind of dollars do they get from the British merchants to pay their balances?

Mr. OWEN. They get them in payment for commodities imported to London from Spain.

Mr. STONE. But are the dollars English dollars?

Mr. OWEN. No; they may be in the form of English money or American money—either one.

Mr. STONE. Or they may be an exchange of credits?

Mr. OWEN. They may be an exchange of credits. The dollar and the pound sterling are merely measures of value; that is all. When Great Britain borrows from us in dollars she converts them in pound sterling, which does not change the substance at all, but when she gets this money at London and transfers it to Spain she puts the dollar at a discount unless we protect it by a similar transfer of credits.

Mr. STONE. I presume that is perfectly clear, but I am still confused as to just how it can be done.

Mr. OWEN. It is not a difficult question if the Senator has had his attention directed to it at all. It at last comes down simply to this, that when Spain is an international creditor of commodities there is due to Spain either in French francs or in British pounds sterling or in American dollars a certain amount of gold in exchange for the commodities which she shipped in excess of those which she had imported.

Mr. STONE. And the money is to settle the balance?

Mr. OWEN. These funds are required to settle the balance. When Spain occupies the position of an international creditor, then our money and the money of foreign countries dealing with her will be at a discount, unless we forbid arbitrage; and in that case she can not deal with us as one of a number of international allies, but must deal with us simply and directly on her indebtedness to us.

Mr. STONE. How is it with the pound sterling or the franc?

Mr. OWEN. They are both at a discount in Spain.

Mr. STONE. On a par with our dollar?

Mr. OWEN. No; they are a little below our dollar.

Mr. STONE. They run along the same general line, I presume.

Mr. OWEN. Along similar lines; yes. The pound sterling is about 2 per cent less and the French franc about 10 per cent less, due largely to large paper issues.

Mr. STONE. That is rather arbitrary.

Mr. OWEN. No; it simply follows the laws of trade and the charges which bankers feel justified in placing upon the business going over their counters.

Mr. POMERENE. Mr. President, the Senator read a moment ago the preamble and resolutions adopted by the United States Chamber of Commerce. In the preamble they make a statement to the effect that our loans to our allies have proven a boomerang, and as a result of these loans the American dollar has been depreciated abroad. Does the Senator indorse that sentiment?

Mr. OWEN. I do not indorse the language. The term "boomerang" is not an apt description of what has occurred to us. Extending these credits beyond a point where we safeguard our own balance with Spain, for example, has resulted in our dollar going to a discount. It could have been adjusted with comparative ease by the United States placing a credit with Spain to protect them. It only happened so because we have not the necessary mechanism. It ought not to have happened; there ought not to be any reason why such a thing should occur or should be permitted to remain.

Mr. POMERENE. The difficulty I have is to understand the casual connection which the United States Chamber of Commerce says exists between our making loans to our allies and the depreciation of our dollar abroad.

Mr. OWEN. What they mean is this, that Spain shipped a great deal more of her commodities abroad than she imported of foreign commodities into Spain. The consequence was that the outside world shipped to Spain \$88,000,000 in gold, and there was still a balance due Spain on the excess of commodities she exported over what she imported, so that the pound sterling depreciated, so did the French franc, and so did the American dollar.

Mr. POMERENE. Mr. President, unless I misunderstand, while that may account in part for the depreciation of the American dollar in Spain, I fail to see the casual connection between that depreciation and our making loans to our allies.

Mr. OWEN. What they mean by it is this, that the money we loaned to our allies went into Spain and put into Spain a large amount of surplus gold, but still left her an international

creditor. The consequence was the Spanish people did not need American dollars and put our dollar at a discount accordingly. That is what they mean by it.

Mr. STONE. Mr. President, was the American dollar a gold dollar?

Mr. OWEN. Yes, sir; it was a gold dollar. There is, however, this to be considered in connection with international exchanges, that the gold dollar now, to be adjusted by shipment across the sea, has to run the danger of the submarine; and the rate of insurance upon shipping gold has been rather high, at times going up as high as 8 and 10 per cent when the country was more alarmed than it needed to be. Then, besides that, there is in Spain a discount of 3 per cent on American gold, which does not circulate there.

Mr. JOHNSON of South Dakota. Mr. President, may I ask the Senator, with reference to that 3 per cent discount on gold imports, if it makes any difference whether the gold comes directly from this country or not?

Mr. OWEN. Yes. American gold does not circulate. There is no discount against British or French gold.

There is no reason why we can not have an agreement with Great Britain and with France to maintain the French franc and the British pound sterling and the American dollar all at par. We can do it simply by an adjustment of credits. That is all that is required, and that is what I am urging now, not so much for the purpose of dealing with the present mischief as for the permanent dignity and honor and power of this Nation; that our dollars shall be at par all over the world, and shall be, therefore, a constant measure of value all over the world. When that occurs, then we may expect the dollar to be the standard of measure and we may expect New York to be the financial center of the world. Until we do protect the American dollar we shall have failed to take one of the important steps which it is necessary to take. Of course, to make New York City, which is our great shipping port, the world center, as we hope some time it will be, the only way to do that is by doing as England did in making London the financial center of the world. It is through our merchants sending American-made goods to the ends of the earth and bringing back foreign goods to our shores for use here. It is commerce that will make New York a great financial center and not finance that will accomplish it.

EXTRACTS FROM VARIOUS PUBLIC ADDRESSES BY PRESIDENT WILSON AT THE PLACES AND TIMES INDICATED.

The President said in his speech in Baltimore, Md., September 25, 1916:

"One of the most interesting circumstances of our business history is this: The banking laws of the United States—I mean the Federal banking laws—did not put the national banks in a position to do foreign exchange under favorable conditions, and it was actually true that private banks and sometimes branch banks drawn out of other countries, notably out of Canada, were established at our chief ports to do what American bankers ought to have done. It was as if America was not only unaccustomed to touching all the nerves of the world's business but was disinclined to touch them and had not prepared the instrumentality by which it might take part in the great commerce of the round globe." (Baltimore, Md., Sept. 25, 1916.)

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"I have always believed, and I think you have always believed, that there is more business genius in the United States than anywhere else in the world; and yet America has apparently been afraid of touching too intimately the great processes of international exchange." (Detroit, Mich., July 10, 1916.)

"Men are colored and governed by their occupations and their surroundings and their habits. If I wanted to change the law radically I would not consult a lawyer. If I wanted to change business methods radically I would not consult a man who had made a conspicuous success by using the present methods that I wanted to change. Not because I would distrust these men but because I would know that they would not change their thinking overnight, that they would have to go through a long process of reacquaintance with the circumstances of the time, the new circumstances of the time, before they could be converted to my point of view." (Detroit, Mich., July 10, 1916.)

"I do not like to say it, but I have been impressed sometimes with the very marked difference between American business men whom I have talked with and foreign business men. I am not speaking of some of the men who stand highest in the management of American business. They seem to be veritable provincials, ignorant of the markets of the world, ignorant of the courses and routes of commerce, ignorant of the banking processes, even by which goods were exchanged." (New York, Sept. 4, 1914.)

"We have left it until very recently to foreign corporations to conduct the greater part of banking business in bills of exchange. We have seemed to hold off from handling the very machinery by which we are to serve the rest of the world by our commerce and our industry. And now, with the rest of the world impaired in its economic efficiency, it is necessary that we should put ourselves at the service of trade and finance in all parts of the world." (Extract from address delivered at St. Louis, Mo., Feb. 3, 1918.)

"America, of all countries in the world, has been timid; has not until the last two or three years provided itself with the fundamental instrumentalities for playing a large part in the trade of the world. America, which ought to have had the broadest vision of any nation, has raised up an extraordinary number of provincial thinkers, men who thought provincially about business, men who thought the United States was not ready to take her competitive part in the struggle for the peaceful conquest of the world. For anybody who reflects philosophically upon the history of this country that is the most amazing fact about it. But the time for provincial thinkers has gone by. We must play a great part in the world whether we choose or not." (Detroit, Mich., July 10, 1916.)

"Our banking laws must mobilize reserves, must not permit the concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses; and the control of the system of banking and of issue which our new laws are to set up must be public, not private; must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and

initiative." (Joint session of two Houses of Congress, June 23, 1913.)

"I have found that I had a great deal more resistance when I tried to help business than when I tried to interfere with it. I have had a great deal more resistance of counsel, of special counsel, when I tried to alter the things that are established than when I tried to do anything else. We call ourselves a liberal nation, whereas, as a matter of fact, we are one of the most conservative nations in the world. If you want to make enemies, try to change something. You know why it is. To do things to-day exactly the way you did yesterday saves thinking. It does not cost you anything. You have acquired the habit; you know the routine; you do not have to plan anything; and it frightens you with a hint of exertion to learn that you will have to do it a different way to-morrow." (Detroit, Mich., July 10, 1916.)

"We have not been accustomed to the large world of international business, and we have got to get accustomed to it right away. All provincials have got to take a back seat. All men who are afraid of competition have got to take a back seat. All men who depend upon anything except their intelligence and their efficiency have got to take a back seat. It will be interesting to see the sifting process go on." (Detroit, Mich., July 10, 1916.)

"We must cooperate in the whole field of business, the Government with the merchant, the merchant with his employee, the whole body of producers with the whole body of consumers; to see that the right things are produced in the right volume and find the right purchasers at the right place, and that, realizing that nothing can be for the individual benefit which is not for the common benefit." (Baltimore, Md., Sept. 25, 1916.)

"Not until the recent legislation of Congress known as the Federal reserve act were the Federal banks of this country given the proper equipment through which they could assist American commerce, not only in our own country but in any part of the world where they chose to set up branch institutions. British banks had been serving British merchants all over the world, German banks had been serving German merchants all over the world, and no national bank of the United States had been serving American merchants anywhere in the world except in the United States." (Baltimore, Md., Sept. 25, 1916.)

"The national banks of the United States, until the recent currency act, were held back by the very terms of the law under which they operated from some of the most important international transactions. To my mind that is one of the most amazing facts of our commercial history. The Congress of the United States was not willing that the national banks should have a latchkey and go away from home. They were afraid they would not know how to get back under cover, and banks from other countries had to establish branches where American bankers were doing business to take care of some of the most important processes of international exchange. That is nothing less than amazing, but it is not necessary any longer. It never was necessary; it was only thought to be necessary by some eminently provincial statesmen. We are done with provincialism in the statesmanship of the United States, and we have got to

have a view now and a horizon as wide as the world itself." (Detroit, Mich., July 10, 1916.)

"My fellow citizens, this is what I believe: If I understand the life of America, the central principle of it is this, that no small body of persons, no matter how influential, shall be trusted to determine the policy and development of America. You know what you want in your business. You want a fair field and no favor. You want to be given the same opportunity that other men have, not only to make known what you have to sell, but to sell it under as favorable conditions as anybody else; and the principle of the life of America is that she draws her vitality not from small bodies of men who may wish to assume the responsibility of guiding and controlling her, but from the great body of thinking and toiling and planning men, from whom she draws her energy and vitality as a Nation." (Philadelphia, Pa., June 29, 1916.)

"A literary friend of mine said that he used to believe in the maxim that 'everything comes to the man who waits,' but he discovered after awhile by practical experience that it needed an additional clause, 'provided he knows what he is waiting for.' Unless you know what you are looking for and have trained eyes to see it when it comes your way, it may pass you unnoticed. We are just beginning to do, systematically and scientifically, what we ought long ago to have done, to employ the Government of the United States to survey the world in order that American commerce might be guided." (Washington, D. C., Feb. 3, 1915.)

"Then came the currency reform. You remember with what resistance, with what criticism, with what systematic holding back, a large body of bankers in this country met the proposals of that reform; and you know how, immediately after its passage, they recognized its benefit and its beneficence, and how, ever since the passage of that reform, bankers throughout the United States have been congratulating themselves that it was possible to carry out this great reform upon sensible and solid lines." (Washington, D. C., June 26, 1914.)

"Bankers, as body of experts in a particular, very responsible business, hold, and hold very clearly, certain economic facts and industrial circumstances in mind, and possess a large and unusually interesting mass of specialized knowledge of which they are masters in an extraordinary degree. But I trust you will not think me impertinent if I say that they excuse themselves from knowing a great many things which it would manifestly be to their interest to know, and that they are oftentimes singularly ignorant, or, at any rate, singularly indifferent, about what I may call the social functions and the political functions of banking." (Denver, Colo., Sept. 30, 1908.)

"The trouble with some men is that they are slow in their minds. They do not see; they do not know the need, and they will not allow you to point it out to them. If we can once get in a position to deliver our own goods, then the goods that we have to deliver will be adjusted to the desires of those to whom we deliver them, and all the world will welcome America in the great field of commerce and manufacture." (Detroit, Mich., July 10, 1916.)

"Not until the recent legislation of Congress known as the Federal reserve act were the Federal banks of this country given

the proper equipment through which they could assist American commerce, not only in our own country but in any part of the world where they chose to get up branch institutions. British banks had been serving British merchants all over the world, and no national bank of the United States had been serving American merchants anywhere in the world except in the United States." (Baltimore, Md., Sept. 25, 1916.)

"We have not been accustomed to the large world of international business and we have got to get accustomed to it right away. All provincials have got to take a back seat. All men who are afraid of competition have got to take a back seat. All men who depend upon anything except their intelligence and their efficiency have got to take a back seat. It will be interesting to see the sifting process go on." (Detroit, Mich., July 10, 1916.)

Mr. Paul M. Warburg, in "Essays on Banking Reform in the United States," says:

"The only modern bills in our country are the so-called 'foreign-exchange' bills drawn on European banks and bankers, which are indorsed, and which always have a ready market. But what an anomalous position! Instead of having the credit of the entire country available in the shape of millions upon millions of modern paper which Europe might and would buy, we must rely on the willingness and the ability of a few banks and bankers to use their own credit by drawing their own long bills on Europe. This is a costly and most unscientific mode of procedure which is in no way adequate to the necessities of the situation."

And in his "Discount System in Europe" Mr. Warburg said: "It is inconceivable that the United States, a Nation that leads the way in industrial progress and that more than any other nation weeds out old machinery and replaces it by the newest appliances, should be either unable or unwilling to modernize thoroughly its financial system and to discard old-fashioned financial machinery which other people have long since thrown upon the scrap heap."

Mr. Justice Brandeis, in "Other People's Money," said:

"The great monopoly in this country is the money monopoly. So long as that exists our old variety and freedom and individual energy of development are out of the question. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men who, even if their actions be honest and intended for the public interest, are necessarily concentrated upon the great undertakings in which their own money is involved and who necessarily, by every reason of their own limitations, chill and check and destroy genuine economic freedom. This is the greatest question of all; and to this statesmen must address themselves with an earnest determination to serve the long future and the true liberties of men."

The Reichsbank of Germany has a foreign portfolio which has increased in importance from year to year until the paralysis of the present war, but the German Government is now making the most elaborate plans for protecting its commerce after the war, to the ends of the earth, with proper credit and banking facilities.

The Bank of France has the right to discount foreign paper, and is using it with great ability. But France is also making elaborate preparations for safeguarding its commerce at the end of the war.

The Bank of England has relied upon acceptance houses and private bankers in England to handle a large part of the foreign banking business, but nevertheless the English Government is now making elaborate preparations to safeguard its commerce, providing adequate credit and banking facilities throughout the world at the end of this war. The details of what is being done by Great Britain and by France I add as a supplement to my remarks as taken from the Commerce Reports, December 27 and 28, 1917, pages 1177 and 1194. I ask to have those exhibits printed without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibits E and F.)

Mr. OWEN. No thoughtful man can deny that the United States must rise in its dignity and majesty of power and adequately meet the demands which will arise at the immediate close of this great world war.

What I have desired to point out, Mr. President and gentlemen of the Senate, is that our present facilities and our present statutes have proven ineffective. We authorized the Federal Reserve Board to require the Federal reserve banks to establish this foreign accommodation and it has not been done; and I do not think it would be easy to accomplish it through the mechanism, for instance, of the Federal reserve bank of New York, for the reason that the directorship of the Federal reserve bank at New York City is controlled by a few banks that are engaged in these international banking operations, and they probably would regard it as trespassing upon their preserves in some way. They will not stop to digest it. They will regard it as an innovation, just as they did the Federal reserve act, and they will be opposed to it; and I have no doubt that they have been enabled to prevent its being done in New York, although I have no detailed information about that. But I will say that the Federal reserve bank of New York has enough to do to handle the great volume of domestic business piling in upon them; and that work, I am sure, they have done with great ability and with great efficiency.

What I want to point out is the need for a mechanism by which the commerce and industry and manufacturing powers of the people of the United States shall have the means of imports and exports, shall have the opportunity of buying and selling bills of exchange against imports and exports, and shall have the necessary credit facilities, and shall have a competent authority where a merchant can wire and ask whether or not a merchant in Buenos Aires has a good credit, and whether he would be safe in making an important shipment of merchandise to him from the United States. Until our people have that kind of information conveniently at their hands, free from any suspicion of personal interest, the commerce and industry of the people of the United States will not have the means for adequately expanding.

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I regard this matter as one of very great importance, and will have it considered in due time by the Committee on Banking and Currency of the Senate; and I hope the House committee will consider it, and that we may arrive at some substantial adjustment of the matter.

I thank the Senate for its patience.

APPENDIX.

EXHIBIT A.

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, February 4, 1918.

IMPORTS AND EXPORTS, BY GRAND DIVISIONS AND COUNTRIES.

Total values of merchandise imported from and exported to each of the principal countries during December, 1917, and the 12 months ended December, 1917, compared with corresponding periods of the preceding year, were made public to-day by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, as follows:

Imports from—	Month of December—		12 months ended Decem- ber—	
	1917	1916	1917	1916
Grand divisions:				
Europe.....	\$40,617,322	\$59,107,818	\$551,144,599	\$633,316,886
North America.....	56,506,340	47,686,900	871,982,524	658,438,120
South America.....	49,669,439	43,786,488	598,818,532	427,609,562
Asia.....	62,142,195	45,422,209	758,237,165	516,704,047
Oceania.....	12,792,804	4,827,542	99,221,196	83,673,382
Africa.....	6,183,397	4,003,231	73,063,939	61,893,333
Total.....	227,911,497	204,834,188	2,952,467,955	2,391,635,335
Principal countries:				
Austria-Hungary.....		27,980	64,937	631,251
Belgium.....		156,835	158,022	1,479,342
France.....	8,662,632	10,488,210	98,639,653	108,893,119
Germany.....	451	138,269	159,352	5,819,472
Italy.....	3,219,301	4,789,202	36,480,807	60,235,172
Netherlands.....	747,674	3,689,940	22,744,504	43,602,076
Norway.....	261,481	844,802	6,280,233	6,430,316
Russia in Europe.....	2,661,145	83,848	12,350,179	4,478,990
Spain.....	3,496,232	3,675,167	36,881,630	32,577,377
Sweden.....	329,403	5,505,941	18,069,487	18,856,638
Switzerland.....	1,826,252	1,927,928	19,834,668	22,414,383
United Kingdom.....	16,874,793	25,765,390	280,080,175	305,486,952
Canada.....	36,232,364	23,753,953	413,674,846	237,249,040
Mexico.....	9,858,406	10,399,693	130,434,722	105,065,780
Cuba.....	5,053,741	9,108,597	248,598,199	243,728,770
Argentina.....	17,560,443	12,509,181	178,245,833	116,292,647
Brazil.....	8,233,119	14,286,609	145,274,931	132,067,378
Chile.....	13,618,362	5,914,498	142,597,929	82,123,995
China.....	8,402,995	6,352,337	125,103,020	80,041,851
British East Indies.....	20,992,304	17,138,997	259,629,897	201,190,844
Japan.....	23,692,557	17,288,621	253,689,709	182,090,737
Australia and New Zealand.....	7,403,284	1,682,769	32,002,203	55,826,228
Philippine Islands.....	4,633,395	2,718,912	62,383,641	34,162,081
Egypt.....		2,944,041	27,352,444	29,533,795

Exports to—	Month of December—		12 months ended December—	
	1917	1916	1917	1916
Grand divisions:				
Europe.....	\$323,690,436	\$340,558,509	\$4,054,362,029	\$3,813,278,324
North America.....	155,135,812	93,285,797	1,264,688,666	924,553,649
South America.....	33,700,646	22,787,859	312,420,985	220,266,818
Asia.....	60,465,901	42,447,145	431,149,591	364,959,155
Oceania.....	14,591,876	9,751,896	117,158,921	105,572,649
Africa.....	6,279,609	5,402,574	51,464,784	54,010,506
Total.....	593,864,280	523,233,780	6,231,244,976	5,482,641,101
Principal countries:				
Austria-Hungary.....				61,771
Belgium.....	8,400	6,691,023	22,628,659	30,995,923
Denmark.....	134,363	4,165,928	32,388,864	56,329,490
France.....	73,564,381	58,796,507	940,810,070	860,821,006
Germany.....		1,142,353	3,275	2,260,634
Greece.....	1,030,494	1,431,702	8,477,603	33,685,689
Italy.....	46,162,066	37,974,651	419,095,473	303,530,476
Netherlands.....	7,899,931	11,345,624	90,520,201	113,730,162
Norway.....	1,668,338	4,234,745	62,966,850	66,209,717
Russia in Europe.....	816,462	23,097,932	314,639,528	309,806,581
Spain.....	10,159,988	6,577,521	42,469,220	64,316,888
Sweden.....	503,364	5,960,309	20,900,854	47,967,590
United Kingdom.....	177,433,009	185,209,430	2,001,031,104	1,887,396,665
Canada.....	101,767,255	60,930,523	829,972,331	604,906,190
Central America.....	4,861,129	4,008,658	52,206,466	46,531,841
Mexico.....	15,485,408	4,415,374	111,111,541	54,270,283
Cuba.....	24,652,166	18,846,295	196,350,315	164,666,037
Argentina.....	11,553,945	7,192,128	107,641,905	76,874,258
Brazil.....	6,566,030	5,210,987	66,267,970	47,669,050
Chile.....	7,586,866	3,919,899	57,483,996	33,392,887
China.....	6,866,898	3,645,538	40,203,612	31,516,140
British East Indies.....	7,290,060	3,775,091	42,746,749	30,799,916
Japan.....	40,199,201	14,821,946	186,347,941	109,156,490
Russia in Asia.....	525,675	16,540,391	109,169,243	160,701,673
Australia and New Zealand.....	6,474,755	7,351,503	76,909,225	81,805,668
Philippine Islands.....	7,504,316	2,268,853	38,148,726	22,775,491
British Africa.....	5,215,449	2,508,294	39,023,443	32,448,177

Statement of imports and exports, 12 months ended December, 1917.

	Exports.	Imports.	Balance in our favor.
Netherlands.....	\$90,520,301	\$22,744,504	\$67,775,797
Norway.....	62,866,850	6,280,233	56,586,617
Spain.....	92,469,220	36,881,630	55,587,690
Sweden.....	20,900,854	18,069,487	2,831,367

EXHIBIT B.

[Editorial, Arthur Brisbane, Esq., Washington Times.]

TO THE PRESIDENT AND MR. MCADOO—IS THERE ANY WAY OF MAKING THE AMERICAN DOLLAR WORTH 100 CENTS IN NEUTRAL COUNTRIES ABROAD?

This question, it seems to us, is important.

The United States has forbidden gold exports, which is wise. Since gold is a fetish among the nations, let us keep our fetish supply at home.

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But while we keep our gold at home, let us arrange in some way so that the American dollar will not be marked down too low on the bargain counter of other countries.

The dollar in Spain is worth 75 cents or less in Spanish money. The same thing is true of China, Sweden, Norway, Holland, and Denmark. In all the neutral countries the American dollar is worth much less than 100 cents.

There ought to be some way to stop this.

Mr. Warburg, of the Federal reserve bank, might devote his mind to the problem—he has excellent financial ability.

This is written primarily for the President of the United States and the Secretary of the Treasury.

If it is the duty of the Government to protect the American citizen abroad, it is also the duty of the Government to protect the dollar abroad. The dollar travels and buys for the citizen.

Federal reserve exchange and credit banks on the other side properly organized would be able to attend to the matter.

This is a creditor Nation in every sense of the word.

The world owes us billions.

And our exports are far in excess of our imports.

In other words, the outside countries, including the neutrals, owe us much more than we owe them. Therefore our dollar should be the best dollar.

The thing can be arranged, and it ought to be.

The four big neutral countries—Spain, Norway, Netherlands, Denmark—owe us every year tens of millions more than we owe them, because our exports exceed our imports.

Spain, for instance, must pay us forty-one millions more than we pay to Spain in one year.

Our money ought to be at a premium; it is just the other way round.

Senator OWEN, chairman of the Banking and Currency Committee of the United States Senate, is to be congratulated upon the interest that he has shown in this unnatural and harmful condition.

The American buying in a neutral country should not be obliged to pay \$1.25 for \$1 worth of goods.

And the buyer from a neutral country should not be able to buy a dollar's worth of American goods for 75 cents of his own money. And that is the present condition.

EXHIBIT C.

[From the Journal of Commerce and Commercial Bulletin.]

FUTURE CONDITIONS OF FOREIGN TRADE.

The bill introduced by Senator OWEN to establish in connection with the Federal Reserve System of banking an organization designed to furnish facilities not now available for the promotion of American foreign trade seems to be a step in the right direction. The idea is that the Federal foreign-trade bank shall occupy somewhat the same position toward international trade that the reserve banks at present occupy toward domestic trade. As matters stand, private banks can extend a certain amount of credit to exporters and importers, and may derive some assistance from the reserve banks by having their foreign bills rediscounted under prescribed restrictions. Should the proposed system come into operation, the investment of an individual bank in foreign bills, being readily subject to redis-

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count, would become practically as liquid as its domestic commercial paper, which can be immediately discounted at the reserve banks. Under the existing system banks sometimes hesitate to invest heavily in foreign bills because in case of stringency they might not be readily salable. The foreign-trade bank, however, would provide an immediate market for such bills, and when exchange was scarce and rates tended to advance would ease the situation by selling exchange and so helping to lessen the fluctuation in rates. All this is very much to the good, and, considering the soundness of the axiom that trade follows the loan, the proposed legislation, properly guarded, could hardly fail to be of substantial service to the men engaged in expanding the foreign trade of the United States.

But in this matter it is well to keep a firm hold on first principles. The United States grew and prospered and built up great wealth out of the natural resources of this continent. But there has been a steady flow of raw materials from this country to Great Britain and western Europe, to be there manufactured and distributed around the world. A protective tariff enabled us to keep some of these materials for manufacture here, chiefly for domestic consumption. But the necessity of the tariff was an admission that the sum of the influences for cheap production and distribution was against us. These influences were chiefly the supply, first, of labor and then of capital, but they included experience in industry and foreign trade, and the prestige, good will, and facilities of an established business. The superabundance of capital which existed in Great Britain before the war caused an overflow from that country to be directed around the world. There was thus developed in the United Kingdom a large body of investors accustomed to employ their capital in other countries, and their investments naturally became the channels of outlet for the products of British industry, just as the returns that came to them were the means of financing British imports. There has been a great, free, readily accessible market in London for all the commodities of commerce, not merely a market for the country's own products and for what it consumes, but a distributing market for the rest of the world. British ships have been in every port, British bankers and traders in every mart. There has been British capital available everywhere, ready to build a railway, buy a brewery, open a mine, or move the products of the country to market. It is the combination of these conditions which made London the clearing center of the world and the pound sterling the standard of value.

Our success in taking the place that rightly belongs to us in the markets of the world must largely depend on our readiness to imitate the liberal conception of what really constitutes commerce which gave the United Kingdom the position which it had attained. One of the last words of the late President McKinley was a warning against the illusion that we could possibly have a permanently one-sided trade, but there are abundant evidences that the false conception which he tried to dissipate still retains a good deal of its vitality. If Great Britain must resume her financial and industrial rôle after the war, with greatly impaired resources and enormously increased burdens, she at least takes up the commercial struggle with the enormous advantage of having to learn very little about the conditions

under which it can be most successfully prosecuted. In one respect the war has been almost incredibly beneficial to British industry, and that is by demonstrating the extraordinary gains that may be made in manufacturing efficiency. Take, for example, this illuminating passage from a book just published by authority of the Council of the British Association on Industry and Finance: "The increased output in shells which has in large measure been attained since the foundation of the ministry of munitions and the subsequent recruitment of female labor for work in the factories, with all the adaptation and rearrangement that has been effected for the purpose of speeding up, has never been more strikingly illustrated than when it was officially declared that a year's output at the rate attained in 1914-15 is now provided in the following periods: Eighteen-pounder ammunition, in 13 days; heavy howitzer shells, in 7 days; shells for medium guns and howitzers, in 5 days; shells for heavy guns, in less than a day." As the London Economist remarks, this record not only shows a wonderful achievement in time of war, but gives serious reasons for thought concerning the inefficiency, whatever may have been its cause, of the organization on which it has been an improvement. That the keying-up process has not been confined to war industries is sufficiently evident from the returns of British foreign trade for the last calendar year. Here commercial exports figure for the very respectable total of \$2,625,000,000, which, though less than half the total of our own export trade, excludes most of the supplies incidental to the promotion of the war, which in our case figure for over \$600,000,000. It may be incidentally noted that the British exports for the year of cotton yarns and textiles aggregated \$730,000,000, while our own appear to have been very little in excess of \$150,000,000. That a Britain with only one arm free should have been able to make such a record in the competition for the world's trade suggests possibilities, of which we would do well to take heed, of what may be accomplished by a Britain with both arms available for industrial production.

EXHIBIT E.

CAPITAL FOR AFTER-WAR TRADE.

[Alfred Nutting, clerk in American Consulate General, London, England, Nov. 30.]

The minister of reconstruction has established, in conjunction with the treasury, a committee on financial facilities after the war, the object of which is to anticipate and provide methods to overcome the financial difficulties that will arise in connection with commerce and industry. The vast number of factories which have been diverted from their normal trade to war work will face a critical period between the time when hostilities cease and the time when it is possible for them to return to their prewar activities, for an interval more or less lengthy must occur during which it will not be possible to revert to former productiveness, while the question of cost in restoring factories to conditions formerly prevailing will require careful consideration and the preparation of plans to provide the necessary money and capital. Apart from that aspect there is the certainty that largely increased costs of raw materials, higher

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wages, and a much greater value on stock in hand or on credit will have to be met, requiring fresh capital, while longer credit may be necessary.

Some of the most important matters with which the committee will be empowered to deal will be the extent of the aid that banks and financial houses will be able to render; if such help should appear likely to prove insufficient, what other sources of credit can be sought; and by what method can the required capital be most efficiently distributed, in the event of a shortage, among essential trades and commerce.

COMMITTEE REPRESENTS ALL BRANCHES OF COMMERCE AND INDUSTRY.

The members of the committee appointed to deal with this fundamental subject of finance and capital after the war include representatives of banking, financial, commercial, and industrial circles, and are not restricted to London concerns, but include those vitally interested in industries and workshops throughout the country. The chairman of the committee, Sir R. V. Vassar-Smith, Bart. (chairman of Lloyd's Bank, one of the two largest banking corporations in the United Kingdom), in a recent address before the Institute of Bankers, said:

"The financing of our industries will be immensely facilitated by trade organization. During the war we have seen our productive industries organized on a large scale and under the control of the State. Both organization and control were forced upon us by war. As regards State control, I hope and believe that the necessity for it is temporary. As to trade organization, I firmly believe that the necessity for it will remain after the war. It is no new thing, this tendency to production and organization on a large scale, though it has not shown itself so much in this country as in some others. The day of small industries on individual lines is gone. Our manufacturers and traders must organize for united effort. This will have the closest bearing on questions of finance. An unstable, unorganized industry is the despair of bankers. I have confidence in stating that an industry organized on large lines has seldom lacked financial support in this country, and in spite of financial stringency, which we shall doubtless have to face, it is not likely to suffer in the future."

It is stated that the committee will commence work immediately.

EXHIBIT F.

FRENCH PREPARATIONS FOR TRADE AFTER WAR.

[Commercial Attaché C. W. A. Veditz, Paris, Oct. 26.]

Since the outbreak of the war numerous French writers upon commerce and industry have discussed in detail the economic consequences of the war and the problems of reorganization that will need to be solved after the termination of hostilities. Nearly all of them have insisted upon the importance of developing France's export trade, and their suggestions in this connection have been both critical and constructive. That is to say, they have pointed out those features of the present situation that must be remedied and have also proposed a series of new measures and organizations that are now totally lacking.

Naturally enough, the French foreign service has been subjected to a critical examination with regard to its efficiency as an agency for the promotion of export trade; and an impression

has prevailed that it is susceptible of improvement in that respect.

The chief Government agency for the promotion of French export trade in the office national du commerce extérieur, intrusted by the law of March 4, 1898, with the task of furnishing French merchants and manufacturers with such commercial information as is likely to contribute to the development of French foreign trade and the expansion of French markets in foreign countries and in the French colonies and protectorates. The office national has the aid in this task of three groups of agencies—the diplomatic and consular services, the French chambers of commerce, and the foreign-trade counselors. The office maintains a collection of foreign-trade catalogues, which it analyzes and brings to the attention of interested French firms. It puts the benefit of its investigations at the disposal of French merchants and manufacturers. Unlike the United States Bureau of Foreign and Domestic Commerce, which is the corresponding American institution, it furnishes confidential information concerning the standing and financial resources of particular foreign firms. The office receives daily inquiries from foreign agents and importers, who are put in touch with French firms that have indicated an interest in foreign markets, and it keeps a classified list of French exporters. The office also undertakes to bring together groups of French exporters who would be unable individually to maintain an export organization. Whenever the office has cognizance of foreign-trade opportunities, particularly of important orders to be placed competitively by public or private corporations, such opportunities are brought to the attention of interested French chambers of commerce, trade associations, or even individual firms whose names are registered with the office.

THE FOUR DEPARTMENTS AND THEIR FUNCTIONS.

The work of the office is carried on by four departments. The first has to do with publications and information concerning the commercial standing and reputation of foreign houses. The publications of the office are the following:

The *Moniteur Officiel du Commerce* is normally issued every Monday. Its publication ceased at the outbreak of the war but will shortly be resumed. The *Moniteur* reports changes in foreign tariff laws, in French commercial legislation, and in the commercial laws of foreign countries. This publication has the exclusive right to the reports of French consuls and diplomats on commercial subjects. In brief, the *Moniteur* is the commercial-information periodical of the French Government, resembling in general the daily *Commerce Reports* of the American Government. It contains the trade opportunities brought to its notice that are likely to interest French exporters and manufacturers.

The office ordinarily issues weekly a *Feuille d'Information*, or *Bulletin of Information*. This publication also was stopped at the outbreak of the war but will soon be taken up again. It contains the more important news items and reports issued in the *Moniteur Officiel*. This bulletin is regarded as an efficient agency of trade propaganda; it has a large circulation in France and is posted publicly in railway stations, city halls, schools of commerce, and other places where it is likely to attract public attention. Its aim is to furnish general trade information and to

stimulate an interest in export trade, even among those manufacturers and tradesmen who have previously shown no disposition to seek business in foreign markets.

The third class of publications of the Office National consists of the so-called *Dossiers Commerciaux*, or commercial documents, each relating to a particular commodity or group of commodities, or to the export market offered by a particular country or district. These documents often contain confidential information not intended for general circulation. They furnish detailed and specialized information along some specific line, likely to interest only those French dealers or manufacturers engaged in that line. They are furnished only to bona fide French firms located either in France or in its colonies.

Finally, the office publishes, in the form of monographs, the results of special investigations into the market for particular products singled out for such surveys. There have already been published such special monographs relating to wines, cutlery, porcelain, glassware, canned-food products, and the collection of credit claims abroad. The most recent of these *Notes Commerciales* concern the different sections of Morocco, investigated from the standpoint of exports and imports and with regard to agriculture and colonization.

The office national furnishes, free of charge, information concerning the standing and commercial rating of foreign firms and has in its files a large collection of catalogued cards enabling it in many instances to furnish such data without delay. It also furnishes the names of lawyers prepared to take charge of claims for the collection of unpaid bills abroad.

Another department of the office is concerned with the dispensation of general commercial information, the transmission of samples, and the furnishing of technical data. It undertakes to provide exporters of a given product with data concerning the principal nations exporting that product and with details concerning the requirements of particular markets. It furnishes lists of foreign dealers and importers and undertakes, on behalf of French inquirers, to purchase, on their account, samples, catalogues, and so forth.

A third department of the office specializes in matters of customs tariffs and trade statistics. It undertakes to furnish information with regard to import and export duties, commercial and navigation treaties and regulations, importation in bond, certificates of origin, trade-marks and patents, etc. It also seeks to keep fully informed concerning statistics of production, consumption, imports, and exports.

A fourth division of the office national is concerned with transportation matters. It keeps track of transportation charges, both by water and by rail, of ocean freight and insurance rates, of postal charges and regulations, of telegraphic rates and regulations, of port charges and navigation taxes.

ASSOCIATION NATIONALE D'EXPANSION ECONOMIQUE.

Since the outbreak of the war the importance of encouraging French export trade, particularly after the termination of the conflict, has seemed to warrant the establishment of several new organizations and agencies, and special attention has been given to the efficiency of German methods of trade expansion (as set forth, for example, by Henri Hauser in his book, *Les*

Méthodes Allemandes d'Expansion Commerciale). Several new groups have been founded to aid and encourage the exportation of French products. The first and one of the most important of these is the Association Nationale d'Expansion Economique, formed under the leadership of the Paris Chamber of Commerce, which is a semiofficial organization having close relations with the French Government and especially with the ministry of commerce. The purpose of this organization is to prepare for competition after the war, for the new economic and commercial dispensation that will inevitably follow the cessation of hostilities. The association is divided into several committees intrusted with the study of particular branches of the export trade. It comprises the most important, if not all, of the chambers of commerce throughout France and of the various manufacturers' and merchants' associations in the Republic.

This association held an important commercial congress last March, which was presided over by the minister of commerce and which discussed some of the more important problems that will confront the nation in connection with the resumption of normal economic life at the end of the war. The most important single accomplishment of the association thus far is the preparation and publication of a rather complete survey of the industry, commerce, and agriculture of France, with particular reference to the problems and conditions that will arise after peace is restored. The reports in which the results of this survey are given number 70, and their subjects are as follows: General report; the woolen industry; the felt industry; silk and silk goods; ribbons and silk and textiles partly of silk; trimmings and braid; ready-made clothing; the cotton industry; flax and hemp goods; laces and embroideries; jute; hosiery and knit goods; dressmaking; women's wear ("la mode"); furs, lingerie, perfumery, etc.; leather, hides, and shoes; chemical fertilizers and other chemical products used in agriculture; dyestuffs; the products of large-scale chemical industry; coal; the extractive industries; the metallurgical industries; mechanical construction; electrical materials and construction; hardware; watches and clocks; optical glass; the photographic and cinematographic industries; jewelry; toys; ceramics and glassware; surgical and sanitary articles; paper; book publishing; resin and resinous products; trade in wood and lumber; food products; fishing; the merchant marine; mineral-water and health resorts; the hotel industry and tourist business; banking and credit; insurance; colonial administration; the cereal crops; the cattle industry; the meat industry; cattle raising in the colonies; dairy products; the exportation of wines; the exportation of liqueurs; forestry after the war; fruit and truck farming; horticulture; industrial plants (beet sugar, hemp, hops, etc.); the trade in seed; agricultural resources of colonial France; agricultural machinery and equipment; agricultural labor; the exportation of farm products (on which subject there are nine reports, covering the principal export markets for French agricultural products).

The Association Nationale maintains a bureau of commercial information prepared to advise French exporters concerning customs duties, import and export regulations, black lists and the blockade, transportation rates and regulations, the exchange situation, taxes, antifraud legislation, colonial conditions, and

trade opportunities. It also maintains a department for commercial translation work and issues a bulletin designed to keep its members informed promptly of changes in commercial laws, tariff rates, etc. The association will publish annually an Index of French Producers in the French, English, and Spanish languages, to be circulated widely among foreign jobbers, purchasers, and importers. It has already begun the publication of a monthly review, called *L'Expansion Economique*, containing a section of industrial and commercial notes, a section of agricultural notes, articles on current economic topics, and a summary of industrial and commercial news relating to France and the principal commercial nations of the world.

OTHER NEW ORGANIZATIONS TO PROMOTE AND PROTECT FRENCH TRADE.

Of somewhat more recent formation than the Association Nationale is the Union Nationale pour l'Exportation des Produits Français et pour l'Importation des Matières Premières, founded by M. Raoul Peret, former minister of commerce. This organization seeks above all to encourage the grouping of French manufacturers and dealers in order that by this means smaller producers who are unable independently to maintain an export organization may be able to enter the export trade. It is believed that by forming such cooperative groups of comparatively small concerns it will be possible to deal advantageously with steamship and railroad companies and to obtain the special benefits now confined to the larger establishments that have created and maintained their own export organizations. It is the ambition of this association to foster the creation of such groups and to create transportation companies under its own control.

Quite different are the aims of the Union Intersyndicale des Marques (a union of manufacturers' associations for the protection of trade-marks), founded by a well-known electrical engineer, M. Raynald Legouez. The main purpose of this organization is to protect French manufactures against imitation and misrepresentation. It is held that the Germans have been in the habit of selling their own goods as of French manufacture, not only on neutral markets but even in France; also that products nearly finished in Germany have in the past been shipped to France and finished there in order that they might be sold as French goods. The Union Intersyndicale is therefore carrying on an active campaign to persuade French manufacturers to place upon the market only goods that bear the distinctive label of the union—with the letters U. N. I. S.—as a guaranty of French origin. The union hopes to include all important groups of French manufacturers and thus to prevent the sale of goods that are not marked with the label of the union.

MOVEMENT FOR ESTABLISHMENT OF ANNUAL FAIRS.

In addition to organizations of the kind described, attention should be called to the movement in France in favor of annual fairs or markets comparable to the famous German fairs at Leipzig. The first experiment in this direction was made by Senator Herriot, the mayor of Lyon, in March, 1916, when Lyon held its first sample fair (*Foire d'Echantillons*) and 1,342 exhibitors took part. The second Lyon fair, held in March and April, 1917, was attended by 2,593 exhibitors, 424 of them being from foreign countries, with 25 representing American firms.

It is reported that during the fair the exhibiting firms obtained orders amounting to about 200,000,000 francs.

In September, 1916, Bordeaux held a fair, but this was considered as devoted especially to the products of French colonies and to wines and foodstuffs, for which Bordeaux has always been a center of great importance. The second Bordeaux fair, held in September, 1917, repeated the success of the first.

In May, 1917, Paris inaugurated a fair, in which special attention was given to the so-called "articles de Paris" and "articles de luxe" that play so important a part in the industrial and commercial life of the French capital. Other cities have indicated a disposition to undertake similar projects; it is stated, for example, that Marseille contemplates having its annual fair. There is, of course, some danger here that the rivalry of French cities may militate against the establishment of a fair that will be truly national or international, and it now appears likely that the fairs of Paris and Bordeaux will specialize in certain groups of commodities, in the production or handling of which these cities play a leading part, whereas the Lyon fair will be of a more general character and thus become a real rival of the one at Leipzig.

NEW COMMERCIAL PUBLICATIONS.

In addition to the new organizations to which reference has been made, and to the newly established French fairs, the awakening interest in French export trade is manifested by the publication of a large number of new reviews, newspapers, and other periodicals devoted to commercial subjects, and especially to the expansion of French foreign trade. Easily the foremost of these is the *Exportateur Français*, published weekly under the editorship of Maurice Ajam, deputy and former under secretary of state. Mention should also be made of *Le Soir*, a daily commercial newspaper; *La Victoire Economique*, a weekly newspaper; *Le Moniteur du Commerce*, published weekly; *L'Initiative Commerciale*, a monthly review; *Commerce et Industrie*, a monthly; and *Mercure*, the organ of the French Federation of International Commerce. All these publications give special attention to French export trade.

A bill (S. 3928) to amend the act approved December 23, 1913, known as the Federal reserve act, as amended by the acts of August 4, 1914, August 15, 1914, March 3, 1915, September 7, 1916, and June 21, 1917.

Be it enacted, etc., That section 14 of the act known as the Federal reserve act be, and is hereby, amended as follows:

Strike out all in paragraph (e) of section 14 and insert in lieu thereof:

"(e) To establish accounts with other Federal reserve banks and with the Federal reserve foreign bank."

After section 25 insert a new section, as follows:

"SEC. 25a. There is hereby created a Federal reserve foreign bank of the United States, to be under the supervision of the Federal Reserve Board, and to be located in the city of New York, State of New York.

"The Federal reserve foreign bank of the United States, hereinafter referred to as the foreign bank, shall have an authorized capital of \$100,000,000, and shall begin business with a paid-up capital stock of \$20,000,000. The stock of such bank shall be offered at par to the banks of the United States and to the public by the Secretary of the Treasury, any stock not subscribed for to be taken by the Treasury of the United States subject to sale at the option of the Secretary of the Treasury.

"The capital stock of the foreign bank shall pay 5 per cent annual dividends if earned and shall not be taxable by any State or municipal

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ity or by the United States. The 5 per cent dividend if not earned in any one year shall be cumulative. Any surplus shall be distributed as follows: One-half to surplus and one-half to the United States, until 50 per cent surplus on the then outstanding capital shall have been accumulated, and thereafter such surplus dividends shall be paid into the Treasury of the United States.

"The Federal Reserve Board shall prepare an organization certificate and file the same with the Comptroller of the Currency.

"Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said foreign bank shall become a body corporate, and as such shall have the power—

"First. To adopt and use a corporate seal.

"Second. To have succession for a period of 20 years from its organization, unless it is sooner dissolved by an act of Congress.

"Third. To make contracts.

"Fourth. To sue and be sued, complain and defend, in any court of law or equity.

"Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

"Sixth. To prescribe by its board of directors, by-laws, not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act.

"The foreign bank shall be conducted under the supervision and control of a board of directors, consisting of nine members, appointed by the President, upon the advice and consent of the Senate.

"One of the directors appointed by the President shall be known as the governor, one as vice governor, and one as the Federal reserve agent. The directors shall name a committee of five as an executive board to actually manage the affairs of the bank. The members of the board shall be citizens of the United States, over 35 years of age, and be men of tested mercantile experience, and be fairly representative of the various parts of the United States.

"The directors shall be designated by the President to serve for from one to nine years, respectively, and thereafter each member so appointed shall serve for a term of nine years, unless sooner removed for cause by the President.

"After the first year the directors shall annually elect the governor and vice governor from among the directors appointed by the President of the United States.

"The salaries of the directors and officers shall be fixed by the Federal Reserve Board and be paid from the earnings of the foreign bank: *Provided*, That the governor of the foreign bank shall receive \$25,000, the vice governor \$15,000, and the reserve agent \$10,000.

"The directors of the foreign bank shall receive in addition to their salary a reasonable allowance for necessary expenses in attending meetings of the board.

"The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and perform all such duties as are prescribed by law.

"Said board shall administer the affairs of the foreign bank fairly and impartially and without discrimination, and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to Federal reserve banks and to member banks, and to all other banks and bankers throughout the country, and to foreign banks and bankers such accommodations as may be safely and reasonably made in relation to foreign banking business.

"The powers of the foreign bank shall be as follows:

"To receive deposits from American and foreign banks and bankers, from the United States or foreign Governments, in current funds in lawful money, national bank notes, Federal reserve notes or checks and drafts, payable upon presentation, and also for the collection of maturing notes and bills.

"The foreign bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or which are to be used for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount within the meaning of this act.

"The aggregate of such notes, drafts, and bills, bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one bank, shall at no time exceed 5 per cent of the net unimpaired capital and surplus of said foreign bank, but this restriction shall not apply to the discounting of bills of exchange drawn in good faith against actual existing values. The foreign bank may discount acceptances of the kinds permitted under the authority of this act.

"The foreign bank shall not at any time be indebted or in any way liable to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the following nature:

- "First. Notes of circulation.
- "Second. Moneys deposited with or collected by the foreign bank.
- "Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the foreign bank or due thereto.
- "Fourth. Liabilities to the stockholders of the foreign bank for dividends and reserve profits.
- "Fifth. Liabilities incurred under the provisions of the Federal reserve act. The discounting and rediscounting and the purchase or sale by the foreign bank of any bills receivable and of domestic and foreign bills of exchange and of acceptances shall be subject to such limitations, restrictions, and regulations as may be imposed by the Federal Reserve Board.

"The foreign bank shall have power—
 "(a) To deal in gold and silver coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

"(b) To buy and sell, at home or abroad, bonds and notes of the United States, bonds and notes of foreign Governments, and bills, notes, revenue bonds, and warrants, with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

"(c) To purchase and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions as hereinbefore defined;

"(d) To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount and exchange and commissions for the opening of credits at home or abroad, to be charged by the foreign bank for each class of paper which shall be fixed with a view to accommodating commerce and business.

"(e) To issue bank notes and receive Federal reserve notes upon like terms and conditions as now provided for the Federal reserve banks.

"(f) To open credits at home and abroad for account of domestic and foreign banks or bankers, to facilitate exports and imports to and from the United States, and exports and imports to and from one foreign country to another foreign country.

"(g) Upon the direction and under rules and regulations prescribed by the Federal Reserve Board to establish branches and agencies in foreign countries for the purpose of facilitating commerce with the United States.

"(h) No bank, banker, corporation, or individual, other than the foreign bank, shall sell dollar balances at less than gold par except as payment for merchandise imported into the United States without the express authority of the Federal Reserve Board."

PUTTING THE AMERICAN DOLLAR AT PAR ABROAD.

SPEECH

OF

HON. ROBERT L. OWEN,

OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

May 1, 1918.

PUTTING THE AMERICAN DOLLAR AT PAR ABROAD.

Mr. OWEN. Mr. President, on Monday, April 22, 1918, appeared an ostentatious article with big headlines explaining "why the Federal Reserve Board *allows United States currency to remain at a discount abroad*, as explained by F. I. Kent." Mr. Kent delivered this speech before the National Foreign Trade Council at Cincinnati. Mr. Kent is in charge of the Foreign Exchange Division under the Federal Reserve Board. He is said to pass on all foreign exchange transactions. In this article Mr. Kent argues against putting the dollar at par. The article, in my opinion, in its argument that the dollar should remain at a discount abroad, is adapted to serve the German interests, because the effect of it is to prevent the American dollar buying its full value in neutral countries, and just to the extent that the American dollar is deprived of its purchasing power to that extent the taxes of the American people and their sacrifices in this war will be rendered abortive, unproductive, and useless.

If it is a good thing, as Mr. Kent thinks, that the dollar should be at 30 per cent discount, as it is at present in Spain, then it would be a better thing, according to Mr. Kent, to have it at 50 per cent discount, or at 60 per cent discount, and the bigger the discount the better for the American people. It is a "reductio ad absurdum." The argument is false and serves Germany's interest.

Mr. Kent is posed in the press as a scientific expositor on foreign exchange and as a man "in high authority." I have carefully examined his article, which opens with the following paragraph:

The cry of the orator for a dollar at par throughout the world may be valuable in time of peace as commercial propaganda, but it has no place in time of war, particularly with a world's war, such as exists to-day.

Among others I have been crying "for a dollar at par," as the chairman of the Banking and Currency Committee of the United States Senate. A dollar at par abroad is just as important as a dollar at par at home, precisely in degree to the American business involved.

Mr. Kent's advice is injuring America, and thereby serving Germany, and on behalf of the American people—whatever

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the good purposes of the advisor—I denounce the advice as hostile to the interests of America.

Keeping the pound sterling at par "has a place" in Great Britain's policy.

Keeping the India rupee at par "has a place" in East India policy, and the United States Senate and House of Representatives passed a bill, at the request of the Treasury Department, to melt 350,000,000 of silver dollars, among other things, to preserve the parity of British currency in India, which German propaganda was deliberately trying to break down.

The advice of foreign exchange expert, Mr. Kent, that the cry of a dollar at par has *no place* in time of war I shall answer, and will show the utter fallacy of his arguments, which are so misleading and so certain to injure America.

Any man who argues against doing what reasonably lies within our power to put the American dollar at par is giving advice injurious to the United States, even if he be in charge of the Foreign Exchange Division under the Federal Reserve Board. The National Foreign Trade Council needs better advice than it got at Cincinnati from Mr. Kent. The United States Treasury needs a new set of advisers, because their advisers are advising against the interests of the people of the United States, and I am not willing to be silent when this injury to America is being perpetrated.

The President of the United States is in favor of keeping the dollar at par, notwithstanding Mr. Kent.

The Secretary of the Treasury is in favor of keeping the dollar at par, notwithstanding Mr. Kent.

The Assistant Secretary of the Treasury, Mr. Leffingwell, is in favor of keeping the dollar at par, notwithstanding Mr. Kent, and the chairman of the Committee on Banking and Currency of the Senate, and the chairman of the Banking and Currency Committee of the House of Representatives are both in favor of keeping the dollar at par.

The obvious reason why the dollar should be kept at par is that we are *compelled* to buy many necessities for ourselves, as well as for our allies, of neutrals, and to that extent we must, in making war purchases, have our dollar buy as much as possible, and not as little as possible. Any person of good sense might understand this unless his brain had become hopelessly confused in the tangle of his excessive knowledge as an expert.

Let us examine this expert's advice. The first argument made by Mr. Kent is as follows:

The United States, in order to carry out her part in the war, is going to be obliged to supply from her own resources and from those of many other countries of the world commodities to the value of many billions of dollars. Regardless of her great wealth, there is a positive limit to her ability to furnish such supplies. In order to win the war she must be in a position to do so for a longer period than the enemy. The length of time that she can continue to furnish needed supplies will depend upon her ability to conserve her resources.

And Mr. Kent thinks we can conserve our resources by selling gold dollars in Spain for 60 cents, instead of selling them for a dollar.

The simple truth is that to the extent we are required to buy from neutral countries we should control the shipments from them to our actual necessities, and this we can do under the existing law. We can and do control our exports in like man-

ner under existing law. Great Britain and France do the same. And France, who has borrowed funds from Spain at 7 per cent to meet her balances there, sets a suitable example to Great Britain to do the same thing.

It is better for Great Britain and France, and for the United States, for that matter, to pay 3 or 4 per cent interest above the normal rate than it is to pay a 40 per cent discount, and anybody should be able to see this, especially a person engaged in conserving the resources of the United States, which Mr. Kent so anxiously desires to do. It is better to pay 6 per cent or 7 per cent or 8 per cent in Spain for money or on Spanish balances here rather than to compel our importers to pay 30 and 40 per cent for money in Spain. It comes back immediately upon our own consumers. It comes back upon them with the merchant's profit added. Great Britain understands this perfectly well, and so does France, and both of them are making strenuous efforts to place credits in Spain for the purpose of putting their own currency more nearly at par; and an attempt is being made now by the Treasury Department, on our behalf, to do the same thing. In other words, the Treasury Department is trying to do now what Mr. Kent, the Treasury expert, argues it is against our interest to do. They are trying to put the dollar at par, and Mr. Kent is arguing before the country that its dollar ought to be at a discount.

Mr. Kent argues that our interest and that of our allies demands that we maintain such commercial relations as will enable us to continue the purchase of neutral commodities constantly for a long period. And he argues in consequence that by this system—

We will also be helping to keep the countries with which we trade in a *healthier* financial condition, which should be of great benefit in *helping us* to find a market for our goods when the war is over, * * *.

Selling Spain American dollars at 60 cents on the dollar would certainly serve to keep Spain in a *healthier financial condition*, but at *our* expenses, and at our serious expense. It is unpardonable to permit our gold dollar to be at 40 per cent discount. It is shameful to the United States, and I shall not submit to it if I can help it.

Mr. SHAFROTH. Mr. President—

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. OWEN. I yield.

Mr. SHAFROTH. The proposition which is made is, it seems to me, so absolutely void of any reason, that I should like to know whether Mr. Kent gives any other reason.

Mr. OWEN. I shall put the article in full in the CONGRESSIONAL RECORD, and I invite Senators to read it. It is absolutely shameful and disgusting. It has no argument in it worthy of the name.

Yet this man as an expert of the United States Treasury goes out and addresses a great convention of business men in the United States to persuade them that the dollar should be kept at a discount. The President wants our dollar at par; the Secretary of the Treasury wants it at par, and this alleged expert argues against having it at par. As the Senator from Colorado said there can be no reason why the dollar of the United States, a dollar worth par in gold, should be selling at 60 cents on the

dollar in Spain. There is no just reason for it. It is because the dollars we have loaned to our allies have been used in large part to meet the trade balances due to Spain for the Spanish commodity shipments to Great Britain and France, and because our own purchases here by our own importers compel our people, our importers, to have a certain limited number of pesetas, and the banks control the supply of commercial bills in pesetas and are speculating upon them and compel our importers to pay any price that they please. That is the reason of it. It is all right from the bankers standpoint, but it is highly offensive to a good American.

It is argued that the United States will find it advisable to curtail its exports to neutral countries and to hold our imports within reasonable limits, and says:

An *adverse exchange rate* is the *key* to such force, and is a great regulator of trade. It puts such difficulties in the way of our imports that without other pressure we endeavor to do without them in so far as possible.

Certainly if our gold dollar buys 60 cents' worth in Spain, our merchants do regard it as a serious difficulty, because they must impose this excess charge on Spanish commodities on their own consumers, with the merchants' profit in addition. It is a very serious difficulty, obstructing trade, interfering with legitimate commerce. It is precisely for this reason that such a difficulty should be removed, and imports and exports controlled by our other mechanism provided by law by means of a license system. We provided for that by a license system.

To argue that *this obvious evil is a benefit* because it is a means of preventing Americans from buying their necessities is illogical and senseless. The things they are obliged to have they will buy at the market cost. The purchase and sale of things nonessential to war can be and has been stopped by the license mechanism otherwise provided by law.

The discredited American gold dollar puts the United States in the attitude of having its currency dishonored and its financial credit abroad impaired. It gives psychological encouragement to the German and psychological discouragement to the allies. It has no commercial sense in it for the reason that just as France borrowed money from Spain at 7 per cent—3 per cent above the normal—and to that extent avoided the tax, we could borrow and avoid the tax we pay of 40 per cent on imports. It is better to pay 3 per cent per annum than 40 per cent with each turnover. The merchant keenly feels this. A bank expert does not. His class profits on fluctuating high exchange rates.

Mr. Kent's article emphasizes the fact that the Federal Reserve Board, through its Division of Foreign Exchange, knows the exact cash balances each Wednesday night which every country in the world has in the United States, and he states that the neutral countries are putting heavy balances into the United States. If this is true, then these balances have been transferred to the United States by bankers by the sale of credits acquired in neutral countries (by the sale of their commodities, payable in terms of their own money), and the New York bankers may sell such pesetas at a high rate to merchants compelled to compete injuriously for such pesetas or croners or guilders. I would discourage this profiteering. Mr. Kent's advice would encourage it. I look at the problem from the view-

point of the importer, exporter, consumer, and producer. The banking expert looks at the problem from the opposite side. His class profits on fluctuating exchange.

Moreover, the neutral countries are voluntarily sending their balances to America, which is the only thing required to bring the dollar immediately to par if sufficiently encouraged, but Mr. Kent is opposed to encouraging the putting of the dollar at par, if his general thesis be correct. While it is to our obvious advantage, as Mr. Kent says, to encourage these countries to put their balances in the United States, what becomes of Mr. Kent's argument that it is to our advantage to keep the dollar below par when he would encourage these balances which would bring the dollar to par. The one argument contradicts the other.

We can put the dollar to par in several different ways.

First, by forbidding the sale of pound sterling for dollars and compelling the Spanish merchants to buy dollars with pesetas. And this only means limiting arbitrage until the dollar reaches par.

Second. We may accomplish it by placing United States bonds payable in pesetas in Spain, and thus buy pesetas necessary to meet the urgent, though limited, demand of our importers.

Third. We can accomplish it by encouraging what Mr. Kent says is taking place without encouragement. That is, encouraging foreign banks to keep balances in the United States at interest, and we can afford to pay them 6 per cent or 7 per cent for such balances, rather than compel our merchants to pay 40 per cent for exchange and the customer in the United States 40 to 50 per cent for commodities.

Moreover, if the dollar was at par; if the policy of the United States was to keep the dollar at par, these balances of neutral countries would greatly expand, because then foreign bankers would know that they would not suffer any loss in the future by the depreciation of the American dollar by this adverse exchange. When they know that they will get their principal back with interest in terms of their own currency at par they will deposit their balances here more readily.

Fourth. We can bring the American dollar to par by imposing an extra tax on goods required by Spain, putting the export tax at the currency rate of the exchange, whatever it is. It would not take Spain long to discover the wisdom of exchanging pesetas for dollars at par, but I do not believe in such a friction-arousing policy.

Fifth. Another way to put the dollar at approximate par is by negotiating with the Government of Spain, with the cooperation of France and Great Britain, and seeking their just treatment as a matter of amity and commercial decency. This, however, would require a constant series of negotiations, and while of value, is not of as much value as using the absolute power which we have to require commercial justice through the regulation of individual transactions.

It will be remembered we put upon the finance-corporation bill a provision that those bonds might be issued in terms of foreign money, and we put in the third liberty-loan bill that the bonds of the United States might be issued in terms of foreign money, so that a person acquiring those bonds in foreign countries would know he would get his principal and interest back without the discount of an adverse exchange rate. Congress did

that very thing for the purpose of bringing the dollar to par, showing that the Senate of the United States desires to put the dollar at par, that both Houses desire to put it at par, and yet this expert of the Treasury is advising the bankers of the United States and argues in favor of keeping the dollar at a discount.

The Congress of the United States expressly authorized the President of the United States not only to embargo gold and silver, if desirable, but also to embargo credits; and when we put an embargo on the sale of dollars for pound sterling and compel Spain to buy the dollars she requires of us with pesetas, thus giving us pesetas in exchange for these dollars, we have an immediate remedy without dealing unjustly in the slightest degree with Great Britain.

Because Spain imported from us last year \$92,000,000 of goods and we imported from her only \$36,000,000, she owed us on a net balance \$55,000,000. Yet the American dollar has come to so low a level that it only brings 60 cents in Spain, when, in point of fact, if we compelled Spain to buy her dollars from us exclusively we could make a dollar worth 60 per cent above par, because she is obliged to have our dollars.

Our loans to our allies have been injuriously, if not wrongfully, used against us. On May 21, 1917, in Des Moines, Iowa, Hon. W. G. McAdoo delivered at a meeting of business men and bankers of Iowa an address, in which he explained that the loans already authorized to be made our allies of \$3,000,000,000—and that was enough to consume our credit trade balance for that year—would go to “five billions or six billions,” and said in relation to the bond issue: “*This money is not going to be taken out of the country.* All of this financing is largely a matter of shifting credits; it is not going to involve any loss of gold; it is not going to involve any loss of values,” and so forth.

The money was taken out by hundreds of millions. We shipped, I understand, 80,000,000 gold dollars to Spain last year, through London. Spain owed us \$55,000,000. We let Great Britain have that \$55,000,000 to pay Spain, and we furnished \$88,000,000 more of our gold to pay British balances due Spain; and on top of that our dollar has been permitted to go to a tremendous discount, and every dollar we buy now is costing our consumers 50 per cent more than it ought. In our normal purchases in Spain it would cost us one-half of \$36,000,000, or \$18,000,000, per annum. In that one country there is a great net loss to America. Is that to the advantage of the United States in a great war? It is against the interests of the United States, it is in the interest of Germany, and I object to it most seriously. I filed my objection in the Treasury Department. I argued this matter before the Federal Reserve Board, with Mr. Kent present, and Mr. Kent told me to my face it is better for the dollar to be at a discount. That argument was made in the Federal Reserve Board room; and, after I presented the answer fully on the floor of the Senate, to have this expert go out in the United States carrying on a false propaganda is unendurable and ought not to be permitted by the Government of the United States.

The money was taken out by hundreds of millions, involving loss of gold and of values, and then Congress passed an act authorizing the President to control the sale of dollars or transfer of credits. The President put the power in the hands of the Secretary of the Treasury by his proclamation of October 12,

1917, and Mr. McAdoo trusts it, apparently, to Mr. Kent, who now seriously argues against keeping the dollar at par, as the President and the Secretary of the Treasury desire, and as the Congress desires it shall be done.

We must stand by our allies, and we can do so and still protect the dignity of our own currency. We ought to protect the American dollar, and as economically as possible. We can be as generous as we please with our allies and still preserve the honor and dignity of the American dollar.

What was the anxiety shown by the British Government a few days ago when an appeal was made to us for \$350,000,000 of silver. It was to keep the rupee at par. Did Great Britain think it important? She thought it vital. The rupee was being put below par by a well-organized German propaganda in India. I will not stand for any propaganda to put the American dollar below par for this country; I do not care what the motive of the man is, and I assume, indeed, I am glad to believe, that his motives are not bad. I do not think his motives are necessarily bad. I merely think that he lacks common sense.

If necessary for us to borrow from these neutral countries, who are without effort placing their balances here and paying them a high rate, 6 per cent, 7 per cent, it would only be 2 or 3 per cent margin per annum on enough money from the Spanish banks to pay for our imports from Spain at par, whereas Mr. Kent would advise us to pay 40 per cent discount on our goods shipped from Spain as a means of winning the war. It is bad advice, and if Mr. Kent does not know better he ought to be retired. If he does really know better—and I do not think he does—he ought to be indicted for aiding the enemy.

It is a serious thing, putting the dollar at a discount. It is a very serious thing. Suppose the American dollar were to fall to a discount to-day in the United States, what would it mean? It would mean that every gold dollar would go in hiding. That is what it would mean. It would mean that every contract in the United States would be suddenly thrown upon a fictitious basis and dislocated. It would mean the most complete upset of all our business life. Every man knows that, and we have taken infinite pains to store up gigantic quantities of gold for the purpose of keeping the American dollar at par in the United States, so that everyone who deposits in our 25,000 banks should know that he can get his deposit in gold on demand. To say that the dollar should be at a discount abroad while it is at par at home has no logic, has no justification, and is mischievous in the highest degree.

Mr. Kent emphasizes the fact of the bank balances of neutral countries piling up in the United States; also that the neutral countries have stripped themselves of commodities to sell them at a high price to Germany, and they must after the war look to us for commodities. This is true; and it means that the normal demand for commodities from America after the war would give us the equivalent of probably in excess of an annual commodity trade balance of a thousand million dollars. In addition to this will come interest charges from Europe amounting to a half billion more, and in addition to this will come the mercantile marine freight credits of American ships, so that America may be expected to have a flow of balances

due her amounting to two or three billion dollars per annum after the war is over.

All of these neutrals will need their trade balances then in the United States, and they need, and they know they need, them now to begin the arranging of credits in America to supply them with needed commodities after the war, for America will be in a position to control commodities all over the world because of the balances which will be due her.

Mr. Kent does not see that these facts comprise an overwhelming argument why the dollar should go to par and stay at par, because the necessity of the world for the American dollar will be gigantic. We have the right to anticipate their needs for this dollar and place our own bonds abroad and invite neutral balances here. Indeed, our trade balance last year was \$3,000,000,000. That must be paid with dollars, or commodities, or gold, or securities. Indeed, it forms the basis upon which the American dollar would go to a premium if it were permitted to do so, which we ought not to allow, however, as the dollar should be used as a standard measure of value, never varying, utterly dependable, the standard of value throughout the world, if we want money to protect every other place as the financial center of the world.

The bankers should not be permitted to tamper with our financial yardstick, even if they do profit by it or profiteer by it, as I verily believe some of them are doing now; I hope not with Mr. Kent's knowledge.

Mr. SMOOT. Will the Senator yield?

Mr. OWEN. Certainly.

Mr. SMOOT. I am very much interested in what the Senator is saying, and I think it would be good if the American people generally understood the situation. I wish the Senator would also add to his remarks that it is not only the banks in Spain that are profiting by a depreciated United States currency, but speculators, and the speculator to-day is making all the way from 20 to 25 and 30 per cent on every dollar of foreign-currency bills that he can secure.

Mr. OWEN. I have no doubt that is the case, but we ought not to allow a condition to remain where this kind of thing can be done at the expense of the American people. That is the point I am making.

Mr. Kent justifies our gold embargo and enlarges upon our exact knowledge of balances held by neutral countries in America. This is the end of the argument of Mr. Kent in telling why the Reserve Board allows United States currency to remain at a discount. His alleged explanation of three columns is no explanation whatever. It explains nothing. And the laudatory headlines of the article, with its boast that it is a scientific exposition is utterly inaccurate but very serviceable as a piece of propaganda. He makes no adequate or convincing explanations whatever to justify keeping the dollar at a discount.

The utterly fallacious argument has been made that while importers lost heavily exporters gained.

That argument appears on page 158 of the Federal Reserve Bulletin of March 1, 1918. As a matter of fact, an exporter neither gains nor loses. A man who takes a thousand dollars' worth of goods from New York to Barcelona gets his \$1,000, and if he pays the freight and commission he gets his freight and commission back and \$1,000. If he gets 3 pesetas for a dollar

he immediately sells his pesetas for dollars and gets the dollars back, and it comes out the same \$1,000; and that is all there is of that.

As a matter of fact, in a country where the currency is depreciated workmen are temporarily paid less and goods are made for less and exports are stimulated by this fact of the goods being made cheaper at the expense of labor.

That is an old truism in the doctrine of international exchanges, explained by various writers, and a school boy who has studied international exchange knows about it. But this is a transitory matter and has no relation to the United States because the dollar in the United States has not depreciated. Labor is not underpaid in the United States; goods are not selling below a normal profit in the United States. The contrary is true of Germany. German labor is underpaid, her currency at home has depreciated, and she is making goods cheaper than they can be made in Sweden, but at the expense of her own German workmen, and Germany is thus underselling the manufacturers in Sweden. Sweden is on the point of passing a tariff act to exclude that advantage over Swedish manufacturers gained by Germany at the expense of the poor, underpaid German workmen. While that appears in the Federal Reserve Bulletin, it affords no justification in keeping the American dollar at a discount because we gain no advantage in exports.

Mr. Kent is advertised as having complete control of all foreign-exchange transactions. If he had exercised the powers given to the President and restricted the transfer of United States credits abroad, the American dollar would have been at par now. It can be brought to par within a very short time in most of the neutral countries.

It is perfectly plain to any man who will follow this with the least attention. If we forbid the sale of dollars for pounds sterling, then the only way Spain can get dollars from us to pay her \$92,000,000 of bills to us is to buy dollars from our market by the sale of her commercial bills in payment for shipment from the United States to Spain. Spain would have, then, to buy \$92,000,000 worth of dollars from us, less our purchases of \$36,000,000 of commodities from Spain.

Mr. SMOOT. Or send gold for it.

Mr. OWEN. Or send gold for it, and therefore our dollars would immediately go to par. They would go to par inside of a week. Congress gave that power to the President, and he gave it to the Secretary of the Treasury, and the Secretary of the Treasury gave it to Mr. Kent, and Mr. Kent advises us now not to do it, notwithstanding the President wants it done and Congress wants it done.

Mr. GALLINGER. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. GALLINGER. If the Senator will pardon me, I ought to have understood his statement concerning Mr. Kent, but I was engaged otherwise. Will he state who Mr. Kent is?

Mr. OWEN. Mr. Kent has charge of the foreign-exchange business of the Federal Reserve Board, and he visées the transfers of credits from the United States. Congress authorized the President to control the transfer of credits from the United States. The President authorized the Secretary of the Treasury to discharge this function. The Secretary put Mr. Kent in charge, and Mr. Kent tells us it is better not to do it.

Mr. GALLINGER. So Mr. Kent in a sense speaks officially; that is, he is an official of the Government?

Mr. OWEN. Yes; he is supposed to speak officially; but I insist that he is misrepresenting the officers who are in control of that department. I am satisfied from what he has said to me that the Secretary of the Treasury wants to put the dollar at par.

The Spanish Government in 1916, finding that there was danger of Spanish credits and Spanish commodities migrating from Spain to furnish the sinews of war to the belligerents, passed an act prohibiting the placing in Spain foreign or Spanish securities except with the approval of the council of ministers. I wish, without reading, to put the Spanish royal decree and act of the Cortez in the RECORD for the information of Senators. I will not take the time to read it.

The VICE PRESIDENT. Without objection, permission to do so will be granted.

The matter referred to is as follows:

[Translation.]

ROYAL DECREE.

In accordance with the council of ministers, I hereby authorize the minister of finance to present in the Cortes a project of law prohibiting the introduction into Spain of foreign securities without the authorization of the Government.

Given in the royal palace this 14th day of June, 1916.

ALFONSO.

The Minister of Finance, Santiago Alba, to the Cortes:

The abnormal conditions controlling the economic life of all countries in consequence of the present European war demand in our own country, as in others, the adoption of measures of an exceptional character to prevent, as far as feasible, the emigration of Spanish funds to the detriment of the development of national wealth, and the withdrawal from the State of the means for carrying out, at the proper moment, such credit operations as may be demanded by public interests.

Bearing these considerations in mind, and without forgetting that measures of this nature must always have such elasticity as may permit the Government to alter them as the case and circumstances may demand, the undersigned minister, in accord with the council of ministers and with His Majesty's authorization, has the honor to submit to the deliberation of the Cortes the following

PROJECT OF LAW.

Article 1. After the promulgation of the present law, and until a date which shall be fixed by decree agreed upon at a council of ministers, there shall be prohibited: Announcing, issuing, putting in circulation or for sale, pawning or introducing in the Spanish market securities of the debt and other legal tenders of foreign governments, as well as stocks, obligations, or titles of any kind of companies or corporations not Spanish.

Nevertheless, on the proposal of the minister of finance, the council of ministers shall be able to grant, in respect to provisions in the preceding paragraph, the exemptions he may judge proper.

Article 2. The Government likewise, on the proposal of the minister of finance, may prohibit the introduction into Spain of Spanish securities, of corporations or societies, also Spanish, whenever these stocks are domiciled abroad. Those who desire to introduce them are hereby obliged to report to the Government as to such introduction and destination.

Article 3. The violation of the present law shall be punished with a fine of 1,000 to 10,000 pesetas, and in case of repetition, with a fine of from 10,000 to 25,000 pesetas.

Article 4. The minister of finance will dictate the proper orders for the execution of this law.

Madrid, June 14, 1916.

SANTIAGO ALBA,
The Minister of Finance.

Mr. OWEN. It was precisely the same principle which caused Congress, as a war measure, to pass the trading with the enemy act, approved October 6, 1917; among other things the act providing—

That the President may investigate, regulate, or prohibit under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, export or earmarkings of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States), and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, whether enemy, ally of enemy, or otherwise, or between resident of one or more foreign countries, by any person within the United States; and he may require any such person engaged in any such transaction to furnish, under oath, complete information relative thereto, including the production of any books of account, contracts, letters, or other papers in connection therewith in the custody or control of such person, either before or after such transaction is completed.

Why? For the very reason that I have mentioned, so as to prevent credits migrating from the United States, unjustly and unfairly to us, and putting our dollar below par abroad.

It was the same principle that caused Congress to pass the espionage act, approved June 15, 1917, which among other things provides—

SECTION 1. Whenever during the present war the President shall find that the public safety so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: *Provided, however,* That no preference shall be given to the ports of one State over those of another.

On October 12, 1917, the President vested in the Secretary of the Treasury the control of foreign exchange, exporting, gold transfer, credits, etc., in the following terms:

I hereby vest in the Secretary of the Treasury the executive administration of any investigation, regulation, or prohibition of any transaction in foreign exchange, export, or earmarking of gold or silver coin, or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States, and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, or between residents of one or more foreign countries, by any person within the United States); and I hereby vest in the Secretary of the Treasury the authority and power to require any person engaged in any such transaction to furnish under oath complete information relative thereto, including the production of any books of account, contracts, letters, or other papers in connection therewith in the custody or control of such person, either before or after such transaction is completed.

At the same time the President vested in the War Trade Board the authority to issue licenses for exports or imports in paragraphs 2 and 3 of his Executive order of October 12, 1917, in the following language:

I hereby vest in said board the power and authority to issue licenses under such terms and conditions as are not inconsistent with law, or to withhold or refuse licenses, for the exportation of all articles, except coin, bullion, or currency, the exportation or taking of which out of the United States may be restricted by proclamations heretofore or hereafter issued by me under said Title VII of the espionage act.

I further hereby vest in said War Trade Board the power and authority to issue, upon such terms and conditions as are not inconsistent with law, or to withhold or refuse, licenses for importation of all articles the importation of which may be restricted by any proclamation hereafter issued by me under section 2 of the trading-with-the-enemy act.

The President of the United States, the Secretary of the Treasury, and the best bankers, and various international ex-

pers with whom I have discussed this matter are convinced of the wisdom of maintaining the dollar at par. The only difficulty having been the means by which to accomplish it. I regard it as grossly unbecoming in Mr. Kent to attempt to create public opinion in favor of keeping the dollar below par. Such conduct I regard as disloyal and insubordinate to the President's wishes and deserving a stern rebuke. Mr. Kent should devote his knowledge in suggesting and perfecting plans by which the dollar could be put at par and the Reserve Board and the Treasury Department officials should find a means of thus protecting American interests, and Mr. Kent's conduct in going before the National Foreign Trade Council and attempting to mislead public opinion I regard as very reprehensible.

In my judgment the Secretary of the Treasury should dismiss Mr. Kent from office as unfit to advise the Treasury Department of the United States. It is this kind of advice, the advice of the banker who thinks in terms of interest, or profit and of commissions, that is calculated to mislead the Government officers.

Some banks profit by fluctuating exchange rates, and some banks profit by speculating in exchange rates, by acquiring foreign credits at a low rate and selling them to our merchants who are compelled to have foreign credits in foreign currency at a high rate. The bankers, however, should not prevail over our importers and consumers.

Mr. GALLINGER. Mr. President, alluding to Mr. Kent, I will ask the Senator from Oklahoma if he has knowledge as to whether or not any member of the Federal Reserve Board indorses Mr. Kent's views? It has been suggested, or at least I have heard it suggested, that at least one member of the Federal Reserve Board was in harmony with Mr. Kent.

Mr. OWEN. I think that the influences surrounding Mr. Kent have been persuasive with some members of the board. I should not like to quote their names, unless they wish to put themselves on record with regard to it; but I think one or two members of the board have been led to that belief; and it is perfectly obvious that they have been grossly misled.

Mr. GALLINGER. I do not wish to mention any name myself, but it has been suggested to me that such is the fact.

Mr. OWEN. I think it is the fact. That is the reason why I regard this advice as particularly mischievous, because the members of the Federal Reserve Board who have lived only within our domestic lines, who have not been engaged in international banking, and who have had no particular reason to have studied this matter, necessarily would rely upon such alleged expert advice; I should not be inclined to blame them for accepting the opinion of a man whom they regard as very high authority; but when I see the advice is wrong I feel it my duty to the country to speak out and show why it is wrong, because it is injuring American interests in this war, and I do not think we ought to permit it.

I submit a statement of the exports and imports from the neutral countries of Europe with the United States, showing a net balance due us of about \$200,000,000 last year. These balances must increase because those countries have denuded themselves in large measure in supplying the belligerents around them, and they have to call on us more and more for supplies.

Balance of trade in the commerce of the United States with the neutral countries of Europe during the calendar year 1917.

Countries.	Imports.	Exports.	Excess o.—	
			Imports.	Exports.
Denmark.....	\$977,453	\$32,388,864	.....	\$31,411,411
Netherlands.....	22,744,504	90,520,301	.....	67,775,797
Norway.....	6,289,233	62,866,850	.....	56,586,617
Spain.....	36,881,630	92,469,320	.....	55,587,690
Sweden.....	18,069,487	20,900,854	.....	2,831,367
Switzerland.....	19,834,668	19,502,045	\$332,623	.....

The international credit trade balances to the neutral countries of Europe were large, and they received in lieu thereof gold and credit and securities, the securities being merely a form of credit. The Government of the United States can control both imports and exports under the law. It can, as far as the neutral countries are concerned, immediately bring the dollar to par, because they owe us more than we owe them, and we only need to require them to buy the dollars they owe us in terms of their own currency to give the American consumers the benefit through their merchants of foreign currency at par.

Inducing the foreign banks to place their balances in the United States directly is another way to do it to accomplish the same end.

Selling United States bonds in these neutral countries is another way to accomplish it.

All of these factors should be employed and through every available agency the dollar should be brought to par and kept at par as a means of helping us win this war.

I ask permission to put the article of Mr. Kent into the Record, without reading.

The VICE PRESIDENT. Without objection, it is so ordered. The article referred to is as follows:

[From the New York American, Apr. 22, 1918.]

WHY RESERVE BOARD ALLOWS UNITED STATES CURRENCY TO REMAIN AT DISCOUNT ABROAD EXPLAINED BY F. I. KENT—TELLS CINCINNATI CONVENTION THAT BENEFITS BOTH NOW AND AFTER THE WAR WILL RESULT FROM POLICY—HINT TO CHILE FOR CREDITS.

Attention has been so intensely centered on the increasing discount to which the dollar has been falling abroad that an explanation of the international financial position of the United States at this moment is of wide interest. More so, if this explanation comes from one in high authority. The following simple and yet almost scientific exposition of the foreign exchange relations of this country was given in a speech by Fred I. Kent before the National Foreign Trade Council at its convention just closed at Cincinnati. Mr. Kent is in charge of the Foreign Exchange Division under the Federal Reserve Board. He passes on all foreign exchange transactions, and in his hands is concentrated the stupendous task of seeing that no funds pass out of the country into enemy hands. This requires examination of an immense number of drafts and papers. But it also places in his hands information invaluable to the country while at war. Why certain of our exchanges have been allowed to depreciate is fully explained by Mr. Kent. He also outlines the general policy with regard to our giving aid to strengthen allied exchange rates in other countries.

[By Fred I. Kent in his speech before the National Foreign Trade Council.]

The cry of the orator for a dollar at par throughout the world may be valuable in time of peace as commercial propaganda, but it has no place in time of war, particularly with a world's war, such as exists to-day.

The United States in order to carry out her part in the war, is going to be obliged to supply from her own resources and from those

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of many other countries of the world commodities to the value of many billions of dollars. Regardless of her great wealth, there is a positive limit to her ability to furnish such supplies. In order to win the war she must be in a position to do so for a longer period than the enemy. The length of time that she can continue to furnish needed supplies will depend upon her ability to conserve her resources. There are many products which she can obtain from within her own territory that will outlast the war needs. There are many others, however, which need supplementing from other countries of the world if we would maintain the highest efficiency of the war engines which we produce and of the men who operate them.

OUR BEST COURSE.

Our greatest interest, therefore, and that of our allies, demands that we maintain such commercial relations with the neutral countries which have commodities that will be needed by us as will enable the United States to continue the purchase of such commodities constantly for a long period. While there are probably none of these commodities which we can not (if need be) develop substitutes for, yet if we can continue their purchase from other countries, partly in exchange for things which we can better spare than the articles received for them, we will have accomplished two most important results—we will have maintained our foreign trade with other nations and so have held their interest in this country, and we will have saved the time of that portion of our population which might otherwise have had to be engaged in creating and manufacturing substitutes, in work that will result to our greater advantage. We will also be helping to keep the countries with which we trade in a healthier financial condition, which should be of great benefit in helping us to find a market for our goods when the war is over and our manufacturing interests turn from war industries.

MUST CURTAIL EXPORTS.

As the war goes on, the United States will find that it will have to curtail its exports to neutral countries, as Great Britain, France, and Italy have been obliged to do, so that it is reasonable to suppose that the balance of trade with many neutral countries will be constantly against us throughout the war. This being true, and it being greatly to the advantage of neutral countries to have our market for their goods continue in as large a way as possible, we must have some strong force to hold our imports within reasonable limits. *An adverse exchange rate is the key to such force and is a great regulator of trade. It puts such difficulties in the way of our imports that without other pressure we endeavor to do without them in so far as possible.*

The countries of export, in order to keep a market for their goods, will strive to find ways to allow continuation of such exports as we must have, even to the point of allowing funds to pile up in this country or through the extension of credits.

FUNDS ACCUMULATE.

As funds accumulate here which can not be exported there will be an increasing tendency on their part to purchase commodities from this country with them, which will offer a great inducement to the people of the United States to strive along with their war work to pay a part of their accumulating indebtedness through current exports.

In Argentina, for instance, we find that for the protection of its people the Argentine Government considered it to its very great interest to make an arrangement with the United States under which Argentine funds would be left on deposit in this country until after the war, provided the disbursement of the equivalent in Argentina was made for exports from Argentina to the United States. It is also true that the exports from the United States to Argentina increased from \$76,874,258 in 1916 to \$107,641,905 in 1917, even though we were not at war in the first year and were at war in the second. As long as exchange continues against us with Argentina the same tendencies will continue active, and when the war is over we will be as much less in debt to Argentina as the amount of exports which we have been able to furnish her year by year, that have been withdrawn from this country by her in order to get her funds home and make it possible, together with the extension of such credits as she can afford, to keep our market for her goods open.

AS TO ARGENTINE WOOL.

On our part we have, for instance, been induced to conserve and increase our supply of wool, so as to be able to import less from Argentina. As a result as the war goes on, we can hope to keep our relations with Argentina in such position that she will look upon us as being a country of great value to her, and, further, that she will accept us as her banker, so to speak, in that her surplus funds made through her war profits will have been accumulated in this country only to a natural extent, and not to such tremendous sums that she will become

concerned for their safety or in actual need of them. *The exchange rate being against us and acting as a deterrent to our imports and a stimulant to our exports will have helped to preserve a natural and proper relationship of benefit to both countries, in so far as is possible while the requirements of war exist.* There is also excellent reason to believe that after the war is over, *Argentina may prefer in large part our commodities to our gold,* and that she will desire to continue the banking relationship which she has established.

In Chile a similar condition exists, with one or two minor differences. Our present demand for nitrate, which Chile alone is able to supply in large quantities, has seemingly made us more or less dependent upon her; and the exchange rate, being against us, might appear to be entirely in her favor. Actually this has not proved to be true and will clearly be less so as time goes on. If Chile is to hold our market for her nitrate, it is to her interest that we be deterred from establishing plants to manufacture nitrate from the air to the same extent that has been done in Germany. If she would do this, she must make some arrangement that will enable us to continue to import her nitrate without prohibitive expense or overextension. That this situation is becoming more clear to her people is shown in the fact that the price of nitrate has fallen off in recent months. Again we find that our exports to Chile increased in 1917, when we were at war, over 1916, when we were not at war, the figures, respectively, being \$57,483,996 and \$33,392,887.

In Spain the exchange is also against us, even though in this case the balance of trade has been in our favor. In 1907 we imported from Spain \$36,881,630, whereas we exported to Spain goods to the value of \$92,469,329. This difference was offset through two principal operations—first by the sale of sterling exchange in this country by Spain; and, second, by the sale by this country to South American countries of Spanish pesetas.

HELPING GREAT BRITAIN.

As Great Britain was not in position to furnish Spain with such commodities as she required, Spain transferred her sterling balances to the United States. The transfers were sufficiently large, together with other items, to force the exchange against us, which has resulted in greatly increasing the desire of Spain to import from the United States, and we find that such imports increased from \$45,697,462 in 1915 to \$64,316,888 in 1916, and to \$92,469,320 in 1917. At the same time the operation was of great value to the allies, as it enabled Great Britain to obtain from Spain commodities required by her in France, which could be delivered without submarine loss. When selling pesetas to South America for the high prices obtained, we were helping pay for much-needed goods from those countries, and as they could be delivered to us without danger from submarines, it was to our greater interest, while such sales were being made, to import from South America and pay in pesetas than to import from Spain and pay in pesetas.

DOLLARS PILE UP.

The Spanish exchange having been against us *has resulted in the piling up of dollars in this country to the credit of Spanish bankers, which has again, as has already been shown, produced a great demand for our exports.* When the war is over, as the Spanish currency is nearly 100 per cent metal cover, there is good reason to believe that she will prefer to use such funds as may have accumulated by that time in this country for the purchase of our goods as she requires them, and that she will largely continue such of her balances here as may not be needed for this purchase.

We now come to a group of countries—the neutral countries adjacent to Germany—in all of which exchange rules against this country, and where in every case it is undoubtedly of great value to us. These countries are Denmark, Netherlands, Norway, Sweden, and Switzerland. Taken as a whole, our exports to those countries have been over three times as great as our imports from them, and yet the exchange has ruled constantly against us for a long period. Exchange has been turned against us through the sale in the United States of sterling exchange and through the remittance to the neutral countries concerned of German money. The transfer of funds to these countries by Germany has been most detrimental to the allies, as it has enabled that country to pay for much-needed imports that she might otherwise have been unable to obtain in the desired quantities.

NEUTRAL MONEY HERE.

The purchase by this country of sterling exchange from all of the countries in this group has resulted in the accumulation in the United States of huge balances belonging to the banks of the neutral countries mentioned. As in the case of the other countries which we have considered, this caused a strong tendency to import from the United States,

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but after we entered the war and placed an embargo upon exports to such countries, except where we could feel reasonably certain that they would not prove of value to the enemy, such exports have been reduced. To Denmark, from \$56,329,490 in 1916 to \$32,388,864 in 1917; to Netherlands, from \$113,730,162 in 1916 to \$90,520,301 in 1917; to Norway, from \$66,209,717 to \$62,866,850; and to Sweden, from \$47,967,590 to \$20,900,854. To Switzerland there has been an increase, as shipments have been made to help obtain imports from that country to France. The figures were \$13,654,256 in 1916 and \$19,502,045 in 1917. As we were not at war the first three months of the year, these figures do not tell the whole story. As a result the balances maintained in the United States by these countries are very large.

In connection with transfers for German account, the accumulation of such balances and the difficulty involved in withdrawing them at the moment is of great value to the allies. The exchanges being high, it means that every successful transfer made for German account results in that country receiving a much smaller sum to be used in payment for imports in the country of destination. It also has greatly increased the difficulty of making such transfers at any rate, for, as balances continue to grow here, even loaning against them in the neutral countries concerned becomes more difficult. Even so, the need of Germany for funds in these countries is so great that we can not exercise too much vigilance in preventing their transfer.

Practically all of these countries are understood to have so stripped themselves of much-needed commodities in order to obtain the high prices being paid by Germany that after the war they will be obliged to replace them through import.

Their situation as to gold is also an easy one, so that we should be able to pay back these balances after the war without friction if we are prepared to supply the goods that these countries will require.

MAINTAIN STERLING.

All of these countries have increased the balance of exchange against us by selling drafts on London in the New York market. If it had not been for such sales the United States might have been justified in continuing the shipment of gold, because of the tremendous supply held by us. When, however, we were taking over sterling credits which these nations sold to us, because we were helping maintain the sterling exchange rate, the accommodation was on our side and we were warranted in holding our gold until after the war, unless we should find it to our advantage to release it sooner. This is particularly true in the case of the neutral countries adjacent to Germany, where we have furnished them millions of dollars more in goods than they have given to us, and where we have taken sterling off their hands whenever they considered it to their interest to sell it in our market. Our gold embargo, therefore is not in the nature of a refusal to pay. It is merely a statement to the world to this effect: That we do not at the moment propose to waste our gold by exchanging it for imports which we can get along without, and that neither do we propose to pay gold for sterling exchange which we are purchasing with dollar exchange at a higher rate than its normal value based on the present cash position of the British Government with the rest of the world, but in thus conserving our gold until after the war we are holding it as a reserve against the deposits which are accumulating in the United States to the credit of the other countries of the world.

EXACT BALANCES KNOWN.

In the meantime we will allow such balances to be used as freely as may be desired for the purchase of such goods in this country as the exigencies of the war justify us in allowing to be exported, or through investment in securities or property of any other kind in this country.

In this connection it will interest you to know that the Federal Reserve Board, through its Division of Foreign Exchange, is in possession of the exact cash balance as it exists at the close of business each Wednesday night between the United States and every country of the world. It is also in possession of exact knowledge as to what causes the changes in such balances from week to week. As these figures develop, the position of our country to the world will be as clearly before the Federal Reserve Board as is that of a banker to his depositors. This will make it possible for us to apply a banker's knowledge to the question of the probable demands that will be made upon us from time to time and so enable us to determine how they may best be met. There will be no need for leaping in the dark, but every problem as arises can be considered from the scientific basis of complete understanding of the situation as a whole as it develops, and if we prove ourselves wise custodians of the world's money we can hope to remain as the world's bankers for many a year to come.

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A LEAGUE OF NATIONS

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

FEBRUARY 26, 1919



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A LEAGUE OF NATIONS.

Mr. OWEN. Mr. President, the people of Europe and the people of the world are heartsick. Crêpe hangs on their doors. Men without arms, men without legs, men without eyes, men who are maimed in every conceivable way can be seen everywhere throughout the world as a result of this last great exhibition of human folly and ambition—the world war precipitated by the Hohenzollerns.

The world is anxious to establish world peace, world commerce, world happiness. And every statesman, it seems to me, Mr. President, should feel himself charged with the responsibility of trying constructively to attain this end.

Delegates representing the United States, Great Britain, France, Italy, Japan, Belgium, Brazil, China, Czecho-Slovakia, Greece, Poland, Portugal, Roumania, and Serbia have submitted for the consideration of the world and of the statesmen of the world a report formulating a plan for a league of nations.

No thoughtful man, certainly no thoughtful statesman, acquainted with the fallibility of man would expect that this first formulation of a draft would be absolutely perfect. It is not perfect, but it is a beginning and contains many things of very great value. And it can be perfected so as to completely safeguard the world against war and at the same time completely safeguard the sovereignty and absolute independence of each one of the member nations.

Statesmen anxious to serve the world should deal with this formulated plan in a spirit of helpfulness, of construction rather than in a spirit of tearing down or of destruction; much less should they show an intemperate or an ungenerous attitude in criticizing a document, the importance of which to the preservation of the future liberty and happiness of mankind is so obvious.

Mr. President, modern science, with the mastery of the air, with the submarine, with poisonous gases, with the steel war tank, with the machine gun, with rapid transportation facilities, with tremendous output of war machinery and the munitions of war make it unthinkable that the world will permit itself to be destroyed by a repetition of the recent war, which, if it is to be repeated, will be far more terrible than the last war, and which will break down civilization itself. The men and the women and the children of the world who labor to produce the values of the world are entitled to peace and to happiness, and woe be to those blind statesmen who fail now to safeguard the people of the world in their rights to life, to liberty, and to the pursuit of happiness.

We have already seen the effect in Russia, in Germany, and in Austria of the complete failure of government to protect life, and we have seen the great mass of men moving like a terrible ocean sweeping the Romanoffs to their graves and tearing down the standards of government which have failed the reasonable expectation of the people. It was the blindness and the dullness, it was the stupidity, it was the greed, it was the arrogance of the officials of France that led to the French Revolution. These same forces led to the revolution in Russia and then to the extreme form of political madness—the Bolsheviki movement of a class war—the war against those who have property or education by those who suffer from famine.

The representatives of the belligerent nations are now assembled at Paris conferring with the representatives of nations newly born and to be born, with a view to using the great influence of the belligerent powers in the establishment of self-governing nations, with territories properly delimited and with a view to giving protection to the backward nations occupying colonies and dependencies, such as the ignorant blacks of the German African colonies.

THE TASK IS THERE.

Mr. President, the immediate peace of the world, the cessation and prevention of actual war between the Balkan States, between Bulgaria and Roumania, between Roumania and the Ukraine, between Poland and Prussia, between the various States that are being born and the surrounding States imperatively demand that the conference of the great powers at Paris lay down the terms fixing territorial boundaries and establish the means by which to keep ambitious States from assailing each other and disturbing the peace of the world. They must consider the question of arbitration of international disputes. It was only the power of Germany and her allies which prevented the nations of the world from agreeing at The Hague to international arbitration and international disarmament in 1899 and 1907.

The Paris conference must consider the question of disarmament as a means of protecting the future peace and to prevent Europe again being thrown into an universal war. All the nations of the world are ready to agree to arbitration of international disputes and to disarmament. As far as the United States is concerned the House of Representatives has just voted in favor of reducing our Army to the minimum of domestic protection. We have made treaties with nations all over the world to arbitrate our differences. The people of the United States are in favor of international disarmament. They are in favor of arbitrating differences with other nations, and I say flatly and emphatically that it is better to leave any dispute that might arise between the officials of the United States and the officials of Brazil or Persia or South Africa or Great Britain unsettled, than to fly to arms and kill millions of men to gratify official impatience, arrogance, or anger.

Mr. President, I have read carefully the so-called "Formulation of a plan for the league of nations." It interposes a number of obstacles to those who might desire to make war.

First. Article 10 pledges all of the member nations "*to respect the territorial integrity and existing political independence*" of

all States members of the league. This is a guaranty of all the nations of the world of the utmost importance. Moreover, article 10 pledges all the nations of the world "to preserve against external aggression the territorial integrity and existing political independence" of all the States members of the league, whether great or small. This is an undertaking of gigantic magnitude and is a positive bond safeguarding the territorial integrity and existing independence of all States. And no war can happen in the future if this pledge is respected either in the first or second of its provisions. If all nations respect the territorial integrity and political independence of other nations, we will have peace. and if any nation have the temerity not to respect this bond and be guilty of external aggression, it will face all the world pledged to oppose it in its aggression. Aggressive war under such a menace is well-nigh inconceivable. Is not this a magnificent barrier against a future ambitious or warlike State?

Article 11 declares that any war or threat of war is a matter of concern to the league, and the high contracting parties reserve the right to take any action that may be deemed wise and effectual "to safeguard the peace of the nations." In other words, it is the declared intention of all of the nations of the world to take steps to prevent war, and to take these steps in time.

Article 12 pledges every nation that it "will in no case resort to war without previously submitting the question and matters involved either to arbitration or to inquiry by the executive council, and until three months after the award by the arbitrators or a recommendation by the executive council, and that they will not even then resort to war as against a member of the league which complies with the award of the arbitrators or the recommendation of the executive council."

Is not this pledge under article 12, made by all nations to every nation in the world, of great value as a deterrent and obstacle to war?

What official will dare to face the whole world with a breach of article 12?

Article 13 agrees to submit questions to arbitration and carry out in good faith the award.

Is not this agreement with all the nations of the world a most important means of preventing unsettled disputes leading to war?

If this had been the rule of international procedure it would have prevented the last war.

Article 14 provides a permanent court of international justice, which may sit as an arbitration tribunal under article 13.

Under article 15 the members agree to refer to the executive council any dispute likely to lead to rupture which is not submitted to arbitration, and if the council fails to agree, then to publish the arguments for and against by the majority and minority members, and here is also provided an appeal to the larger "body of delegates."

In this way the most troublesome cases would be submitted first to the council and, secondly, to the representatives of all the nations of the world for consideration, so that world opinion can be brought to bear upon the merits of the controversy and time ensue in which world opinion may be formulated and dur-

ing which the litigants may feel the pressure of world opinion before they venture to go to war.

Mr. WILLIAMS. And world prejudice be obviated.

Mr. OWEN. And world prejudice be obviated, as the Senator from Mississippi very properly observes.

Mr. President, the only objection which I have to articles 12, 13, 14, and 15 is that they permit war as a remedy after having provided these means for conciliation and arbitration. In my own opinion, the making of war for the settling of a civil dispute is a heinous crime, and it should be branded by the league of nations and by the opinion of mankind as the highest of all international crimes. Nothing could be more wicked or more dastardly than the organized killing of human beings because of an odious dispute relative to property or relative to some alleged insult. As long as man remains with passion or with defective reason, so long may the world expect that some man will insult another man. And the bigger the fool and the more arrogant the ass, the more likely he is to offer an insult. But those who have brains and self-control should know how to deal with those who lack brains and self-control.

Article 16, Mr. President, provides a world penalty for any member nation that wages war without previously submitting the matter of dispute to arbitration and inquiry and determination. This penalty is that when such an arrogant, warlike nation wages aggressive war in violation of the law laid down by the league, such nation—

“shall thereby, ipso facto, be deemed to have committed an act of war against all of the other members of the league which hereby undertake immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the league or not.”

What official on the face of the earth would dare face this penalty. The penalty should be directed, however, in my judgment, against any nation that invades the territorial integrity of another nation. Official murder by aggressive war of offense should be stopped by the mandate of the people of the world, and officials who violate that mandate should be held personally responsible.

Is it not clear, Mr. President, that the captains of industry and the great financiers of the country whose support is vital to successful war and whose support in Germany was expressly solicited by William II as a primary condition to enable him to wage the late war, would never under such a threat as this dare to support an aggressive war which would of necessity mean the instant paralysis of all their enterprises and their ultimate financial and industrial destruction? And is it possible that any official charged with the authority of declaring war would feel justified in declaring an aggressive war against all the world? The human imagination can not picture such a proposition. Moreover, we must now remember that every military dynasty is gone. Where are the Hapsburgs? Where are the Hohenzollerns? Where are the petty kings of the German States? Where is King Constantine of Greece? Where is the

Romanoff family and the Czar of all the Russias? Where is the Sultan of Turkey? Where the King of Bulgaria? Where is the King of Roumania? Abdicated all, and fled to cover! What real war-making power has any king on the globe? Not one is left.

Mr. WILLIAMS. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Mississippi?

Mr. OWEN. I yield to the Senator from Mississippi.

Mr. WILLIAMS. I want, in reenforcement of what the Senator has said in the first clause of his last argument, to suggest to his mind this consideration: Why can not we in the treaty of peace take a leaf out of American history? The Senator remembers that the thirteenth amendment to the Constitution declares that no debt made by the Confederacy or by any State forming a member of the Confederacy should be valid or ever paid. That was passed with the idea of discouraging future projects of that sort. Suppose that in the treaty of peace we provided that all debts made by Germany, Austria, Turkey, and Bulgaria for the furtherance of their objects in this war were declared to be nullified and invalid, and that those respective Governments should issue an amount of bonds equal to the amount thereby nullified and rendered invalid, and that the proceeds of those bonds should be devoted to the restoration of Belgium, of northern France, and of Serbia, what would be the effect, I want to ask the Senator?

Mr. OWEN. I think it is a good suggestion as it would help to deter nations from making aggressive war for private objects. It would prove unprofitable under such circumstances.

Mr. WILLIAMS. Moreover, would it not have an effect upon the people who finance wars?

Mr. OWEN. Assuredly.

Mr. WILLIAMS. Hereafter would not bankers who have financed wars say to the country wanting to finance an unjust or aggressive war, "Stop a minute; I must think as to whether or not this war is just, whether it is aggressive or defensive. If it is not just, the example of the American Republic in the thirteenth amendment and the example of the world in this treaty of peace leads me to suppose that I may lose my money." And if bankers are threatened with losing their money, does the Senator think they would finance any unjust war in the world?

Mr. OWEN. It is perfectly practicable to write into this formulated plan the suggestion made by the Senator from Mississippi, and it ought to be done, I think, for it would operate as one of the additional deterrents to war; and what we want to do is to deter war making.

Mr. WILLIAMS. I am not talking about writing it into these 26 articles of the league of nations, but I am talking about writing it into the final articles of peace.

Mr. OWEN. I am agreeable to its being written into both, to apply to Germany now and to apply to any other nation in the future that dares to make aggressive war on mankind. I thank the Senator for his suggestion. I think Senators ought to consider this matter from a constructive standpoint and help to perfect this formulated plan.

Mr. WILLIAMS. I do not propose to put it in this plan, for I think if you go to amending this plan you will have 14 other people to amend it, and you will never get it through; but I am talking about it as a part of the treaty of peace.

Mr. OWEN. Mr. President, the greatest of all democracies, the United States, threw its financial power, its man power, on the side of democracy against autocracy, on the side of right against might, on the side of decency and justice and humanity against those who assaulted the great principles of human life. And autocracy lies in its political grave, never to be resurrected on this earth. Great Britain is a republic, and so are the great dominions speaking the English tongue—Canada, whose border, lying between the United States for 3,000 miles, is undefended except by those who love liberty and justice on both sides of this line; Australia, New Zealand, the South African Union are all republics, and all the colonies and dependencies of Great Britain are in effect republics in greater or less stages of advancement. France and her colonies are republics. Switzerland is a republic. Italy is a republic with a nominal King, who has no power against his parliament or against his people under their structure of government. And so Portugal is a republic, and Spain and Belgium and Holland and Denmark and Norway and Sweden are in substance republics.

Mr. WILLIAMS. They are democracies.

Mr. OWEN. They are democracies. They have the form of kingdoms, but the substance of democracies.

The nations being born in the Balkans and in Russia are being born as republics. And the subject people of Turkey, under the protection of the great democracies of the world, are being brought into being as embryo republics. China is a great republic. Siberia can not be conceived as being anything less than a republic. The Poles, the Jugo-Slavs, and Czecho-Slovakia are avowedly republics. Even Japan under an Emperor is ruled by a body of elders cooperating with the parliament chosen to represent every class of the people, and Japan, when this war broke out, threw herself at once without hesitation on the side of the great democracies of the world. What greater testimony could Japan have given of her attachment to the doctrines of liberty, justice, and civilization and of her hostility to dynastic autocracy? Where is there on earth remaining a military dynastic autocracy that would threaten the future peace of the world?

All the Governments of North and South America, all the Governments of Africa, of Asia, of Europe, of the East Indies, and of the West Indies are republics or under the patronage of republics.

The doctrine that might makes right is dead.

The doctrine of terrorism is dead.

The divine right to rule has gone to hell, whence it came.

The doctrine of liberty, justice, and humanity is triumphant and is writing its Magna Charta to last for all future time.

Let the United States Senate honor itself by lending its very best efforts to perfecting this charter.

Mr. President, what was it that protected the liberties of mankind, that protected civilization, that protected the democracies of the world against the military domination of the Teutonic dynastic autocracies? It was a league of nations in arms

cooperating as one great league of democracy against autocracy. It was a league of nations in arms willing to pay the penalty in gigantic sacrifice of property and of human life; willing to die upon the battle field in joint, concerted, cooperative action to protect liberty and civilization. Gen. Foch, as commander in chief of the armed forces of this great league of nations, directed on the battle line from his headquarters Belgians, English, Scotch, Irish, French, Italians, Greeks, and Americans, and many others, all of them operating in a league to maintain liberty and to protect human life and organized society throughout the world. Shall this lesson bear no fruit? Shall our sons have died in vain who are buried upon the bloody battle fields of Europe?

The world wants peace, justice, and liberty, and has shown itself willing to die for this cause. Do not underestimate the demand, Mr. President. Do not deny or ignore this profound aspiration of the human heart. At Paris are assembled representatives—military, economic, political—of all the great democracies of the world, facing the task of making the world safe against the chaos and disorder of war. The geographical lines of the newborn States must be delimited and agreed upon and authorized. The relations of these nations with each other must be so protected that they do not instantly fly at each others' throats on some mad issue of geographical boundary or fancied interest. There must be established by some power somewhere the relations which shall exist between these nations, between them and the balance of the world. The colonies which the Teutonic dynasty has shown itself unworthy to control must be protected and safeguarded by some definite agreement under some safeguard of administration that will establish and maintain peace and order and good conduct, internal and external. This task of readjustment is now being performed at the peace table at Paris, of necessity, by the very nature of the case. Shall all the delegates be withdrawn from the peace conference and the world left in turmoil with the Bolsheviki in control soon to bring on another world war and drag the people of the United States from their peaceful avocations to the havoc and destruction of war? No, Mr. President; there is a better way. The way of order out of chaos. And the proposed league of nations is wise and sound and just in its fundamental principles. It represents the aspirations of the peoples of the world to safeguard the peace of mankind.

I have pointed out some of the more important provisions, but there are others which must not be overlooked.

Article 17 takes care of the disputes which might arise between members of the league and those who are not members of the league and imposes suitable penalties if a State not a member of the league disregards the provisions of article 12, forbidding it to make war as a remedy because of a dispute with other nations.

Article 18 authorizes the league to be intrusted with the joint supervision of the trade in arms and ammunition with the countries in which the control of this traffic is necessary and in the common interest.

Article 8 provides for steps to be taken to control the manufacture of munitions by private enterprise, so that private inter-

ests may not be made provocative of war, and this article recognizes the great principle that the maintenance of peace—“will require the reduction of national armaments to the lowest point consistent with national safety and enforcement by common action of international obligations, having special regard to the geographical situation and circumstances of each State.”

Is not article 8 of tremendous importance in removing one of the great dangers to war? Do we not all know that the Teutonic dynasty for over 20 years was manufacturing on a gigantic scale the munitions of war and organizing armaments far beyond domestic need with the intent and purpose to assail the liberties of Europe and to dominate the world by military force? And shall we not remove this danger from our future by international agreement? All the nations of the world except the Teutonic allies at The Hague in 1907 were ready to agree to disarmament, but were prevented by the King of Prussia and his allies. Now is the most opportune time to write these safeguards by treaty into the international law by the consent and approval of all nations.

Article 19 provides a reasonable and just method for administering the affairs of subject peoples and developing them into democracies under charters granted from the league to advanced nations qualified by their resources, their experience, their geographical position to undertake this responsibility as mandatories on behalf of the league. And the consent, even in these cases, of the backward peoples is recognized, the proposed formulated plan expressly providing that “the wishes of these communities must be a special consideration in the selection of the mandatory power,” and “the mandatory must be responsible for the administration of the territory, subject to conditions which will guarantee freedom of conscience or religion, subject only to the maintenance of public order and morals, the prohibition of abuses, such as the slave trade, the arms traffic, and the liquor traffic, and the prevention of the establishment of fortifications or military and naval bases, and of military training of the natives for other than police purposes and the defense of territory, and will also secure equal opportunities for the trade and commerce of other members of the league.”

And this provision could be further amended to provide that the bill of rights of civilized States, as far as applicable, should be recognized as a part of the principle of the government of these backward peoples.

I suggest the following amendment to article 19—and I feel entirely at liberty to suggest this amendment; and amendments which are offered or suggested on this floor, I have no doubt, will receive respectful consideration from those who are assembled at Paris, and if they have value I have no doubt that action by our peace commissioners will be taken accordingly: “The mandatory must, as far as practicable, recognize the principles of the bills of rights of civilized States in administering the law in such territories, and the charter to the mandatory shall prescribe these principles.”

Article 20 provides, as a part of the organization of the league, a permanent bureau of labor, with a view of securing and maintaining fair and humane conditions of labor for men,

women, and children by the good offices of the league. Shall we have no means of objecting when the blacks of the Kongo have their hands cut off because they failed to bring in sufficient ivory, as we have seen in the bloody days of the past? They, too, must have justice and liberty, and should be educated and civilized as rapidly as circumstances will permit.

Mr. President, the happiness of mankind absolutely depends on those who labor; they comprise the world, they are the world. Does this mean that the league of nations will interfere with the internal sovereignty of member nations? Not at all. Article 10 and article 26 and other articles protect this vital requirement, and other safeguards can be added. In this matter the league would function with no more authority than that of a bureau of publicity—I speak of the particular organization of a “bureau of labor”—which could appeal to the opinion of mankind for the protection and conservation of human life where it is not adequately safeguarded.

Article 21 provides that the high contracting parties agree that provision shall be made through the instrumentality of the league to secure and maintain freedom of transit and equitable treatment for the commerce of all members.

Is not this decent and just and right? Shall interior nations having no access to the sea be bottled up without the right to ship their goods under bond in transit to the sea? It was this denial of an outlet that has been one of the contributing causes for war in the Balkans.

Why shall not suitable provisions be drawn up by amendments to the plan to secure and maintain these rights?

Mr. KELLOGG. Mr. President, will it interrupt the Senator if I ask him a question?

Mr. OWEN. Not at all.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Minnesota?

Mr. OWEN. I yield.

Mr. KELLOGG. I understood the Senator to say that the proposed constitution of the league did not interfere with the internal affairs of the various governments. I should like the Senator's opinion as to whether articles 12, 15, and 16 together provide for the arbitration of all questions without distinction, and whether or not disputes as to political questions, such as trade relations with other countries, import duties, and so forth, would come under the provisions of the proposed constitution?

Mr. OWEN. In my judgment, it only relates to those things which are external, because internal affairs are safeguarded by article 10, which guarantees to respect and to preserve the territorial integrity and the existing political independence of every nation.

Mr. KELLOGG. Does that include all laws pertaining to our dealings with other countries, such as immigration laws, tariff laws, and trade relations?

Mr. OWEN. The question of immigration and tariffs affects the internal affairs of our own country and concerns our existing political independence, and certain trade relations might do so.

Mr. KELLOGG. Would the proposed constitution prevent us from changing our existing political conditions?

Mr. OWEN. Not at all. I shall deal with that a little later on. I have not quite come to that, but I am going expressly to discuss that and show what my opinion is with regard to it.

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from North Dakota?

Mr. OWEN. I yield.

Mr. McCUMBER. I call the Senator's attention to the fact that article 12 does not require the nations to submit every controversy to arbitration—

Mr. OWEN. That is perfectly obvious.

Mr. McCUMBER. But when difficulties arise it simply provides that "they will in no case resort to war without previously submitting the question and matters involved either to arbitration or to inquiry" by the league.

Mr. OWEN. I think that is quite clear.

Mr. KELLOGG. If the Senator from Oklahoma will pardon me, the inquiry is enforced in exactly the same way as the judgment of the arbitration tribunal.

Mr. McCUMBER. I do not agree with the Senator.

Mr. OWEN. Article 22 agrees to place under the control of the league all international bureaus already established by general treaties, if the parties to such treaties consent. What objection could there be to this by consent? Is it not better to have a clearing house between the nations to which all international business may be directed, and where through a common center international relationships may be conveniently adjusted? Having a common center for international business is just as convenient and necessary as having a clearing house for the bankers of New York City, where around a common board they can instantly dispatch their business with each other. Suppose each nation of 50 nations must transact all business by an independent means, then each nation would have to send 50 representatives to 50 nations, making 2,500 representatives altogether, at great expense, great confusion, great delay. But, meeting around a common council table, one representative of each nation would meet one representative from every other nation at a common board, and 50 men would transact the business of 2,500 men.

This is merely common sense and a practice based upon modern science and usage in the business world.

Article 23 provides for publicity of international agreements with the penalty that they shall be void unless registered with the league.

This prevents secret treaties. It makes them void and an act of treachery to all other nations. It is a powerful deterrent.

Article 24 merely provides for the reconsideration of obsolete treaties which might contain some element of danger to the peace of the world. This article is entirely justified, and no man would deny it.

Article 25 provides that the high contracting parties agree that the present proposed covenant is accepted as abrogating all obligations as between themselves inconsistent with the great principles laid down in the proposed agreement to safeguard the peace of the world, and contains an engagement that the member nations will not hereafter enter into any engagements inconsistent with the terms thereof.

Is not this a wise provision of importance in safeguarding the future peace of mankind? And there is imposed the further duty that new powers admitted to the league shall come under the same rules. Is not this common sense, and in the interest of the world?

Article 26 provides that amendments to the covenant of the league shall only take effect when ratified by the States whose representatives compose the executive council and by three-fourths of the States whose representatives compose the body of delegates.

Mr. President, do you not here observe that this gives a veto upon any amendment to this instrument not acceptable to the United States, and gives a like veto to Great Britain and to France and to Italy and to Japan, and is it not obvious that no amendment would therefore be possible to this proposed agreement between the nations except with the approval and consent of the United States?

Is this not a great safeguard against the possibility of anything being written in the relations between the member nations of the league that might at any time be embarrassing to any of the great powers or to the world?

But, Mr. President, a great objection has been made by various honorable and able Senators to the formulated plan on the ground that it was proposed to govern the world by the overlordship of a body of delegates representing the high contracting parties and by an executive council and by a permanent international secretariat.

It has been urged with great eloquence and zeal that article 1 would invade the sovereignty of the United States.

I confess very frankly that article 1 should be left in no obscurity, but it is easy to amend article 1. The interpretation which has been put upon article 1 by its critics could certainly not have been the intention of the representatives of Great Britain and France and Italy and Japan or others of the 14 nations who approve this draft. They certainly had no intention of sacrificing the sovereignty of Great Britain or France or Italy or Japan or Belgium or China or of other members. On the contrary, they have taken great pains in the body of the formulated plan to safeguard the territorial integrity and political independence of all State members of the league as they now exist in article 10, where the members mutually undertake to respect and preserve against external aggression, the territorial integrity, and existing political independence of each other. This is not consistent with the interpretations of article 1, that would permit the body of delegates to invade by statutes any domestic concern of any nation.

The proposal of Lieut. Gen. Smuts, who represents perhaps the best English thought, was as follows:

"Tenth. The constitution of the league will be that of a permanent conference between the governments of the constituent States for the purpose of joint international action in certain defined respects, and will not derogate from the independence of those States. It will consist of a general conference, a council, and courts of arbitration and conciliation.

"Eleventh. The general conference, in which all constituent States will have equal voting power, will meet periodically to

discuss matters submitted to it by the council. These matters will be general measures of international law or arrangements or general proposals for limitation of armaments or for securing world peace, or any other general resolutions, the discussion of which by the conference is desired by the council before they are forwarded for the approval of the constituent governments. Any resolutions passed by the conference will have the effect of recommendations to the national governments and parliaments."

That was Gen. Smuts's idea. That idea is prevalent all over Great Britain. That is the general conception of the authority to be granted to these delegates who would meet around a council table, representing the nations of the world.

It will here be observed that Gen. Smuts only proposed that the resolutions passed by the conference would have the effect of recommendations to the national governments and parliaments—nothing more. It is perfectly easy to amend article 1 by inserting the following words:

"THE BODY OF DELEGATES AND THE EXECUTIVE COUNCIL SHALL HAVE NO AUTHORITY TO MAKE LAWS, BUT MAY PROPOSE INTERNATIONAL RESOLUTIONS TO BE SUBMITTED TO THE MEMBER NATIONS FOR CONSIDERATION. AND WHEN SUCH RESOLUTIONS HAVE BEEN RATIFIED BY ALL THE STATES WHOSE REPRESENTATIVES COMPOSE THE EXECUTIVE COUNCIL AND BY THREE-FOURTHS OF THE STATES WHOSE REPRESENTATIVES COMPOSE THE BODY OF DELEGATES SHALL HAVE THE EFFECT OF INTERNATIONAL LAW."

This is the method proposed in article 26 for amendments to the formulated plan. Any amendment must, under article 26, have the approval of the United States before it can be amended.

Mr. President, the peace of the world is too important, the future happiness and security of our people is too important, that we should fail at this wonderfully auspicious time to adopt a plan which will safeguard the future of the world.

I am quite willing to agree, and determined as well, that no obscurity whatever should be permitted in the proposed plan, because it is one of the frailties of human nature to have powers construed into a constitution by those who are charged with the duty of its administration, and therefore it is of special importance to put in negative proposals, such as our forefathers inserted in the Constitution of the United States.

We should insert in the proposed formulated plan that "NOTHING CONTAINED IN THE INSTRUMENT ITSELF SHOULD BE CONSTRUED AS GRANTING ANY RIGHTS TO THE LEAGUE OVER THE INTERNAL AFFAIRS OF MEMBER NATIONS, BUT THAT EVERY MEMBER NATION SHOULD BE RECOGNIZED AS HAVING COMPLETE RIGHT OVER ITS EMIGRATION AND IMMIGRATION, ITS IMPORTS AND EXPORTS, AND ALL ITS DOMESTIC AFFAIRS WITHOUT ANY INTERFERENCE WHATEVER BY THE LEAGUE."

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Minnesota?

Mr. OWEN. I yield.

Mr. KELLOGG. That is exactly what I had in mind. As Senators seem to disagree as to the meaning of sections 12, 15, and 16, it does seem to me that it should be made plain, so that no political question can be raised.

Mr. OWEN. I agree with the Senator that an instrument of such importance as this should be made absolutely plain; and, frankly, I should not feel justified in supporting an instrument of this magnitude and this importance unless it were made plain, and I think the Senate of the United States are in a position to make it plain. They have the capacity; they ought to have the will. As far as I am concerned, I shall stand firmly for seeing that this instrument shall be free from any ambiguity whatever.

It is not necessary for the league to interfere with the internal affairs of any member nation. I am sure that Great Britain and France and Italy and Japan do not contemplate granting this right to the league of nations.

Mr. FRANCE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. OWEN. I yield to the Senator.

Mr. FRANCE. I am very much interested in what the Senator is saying. Would he care to define what he means by "internal affairs"? Would he consider a question arising between Great Britain and one of her colonies—Ireland, for example—as being an internal affair, or not?

Mr. OWEN. I would. We can not at this time and in this way undertake to settle the disputes between member nations and the component parts of member nations, unless we want to tear asunder the whole procedure. We can not undertake that. We can not go into it. You might as well undertake to deal between the United States and Texas as a part of this proposal.

It is easy enough to have an amendment that the league of nations shall not exercise any powers except those that are expressly granted to the league. But the great principles of international law which are laid down in this formulated plan are vital to our own future and to the peace of the world, and I venture to express the hope that the Senate of the United States will consider this matter constructively, with a view to perfecting the plan rather than with a view to confusing counsel and exciting suspicion and arousing the hostility of our people on the theory that this instrument is full of pitfalls and dangerous. We assuredly have the wisdom to analyze the formulated plan and to point out how it may be improved and made free from any objection, and this ought to be done.

I do not care, Mr. President, to repeat the arguments which have already been presented with such force upon the floor relative to the views of our revered first President in his Farewell Address. I am altogether in accord with the principles expressed in the Farewell Address of Washington. But the day of American isolation has long since ended. Our interests are bound up in the welfare and happiness of mankind. We are no longer isolated. A submarine could come up the Potomac River and blow down the Capitol of the United States, it could drop a gas bomb in the Senate that would smother the most glorious declamation and the most magnificent oratory. We are not isolated; we can never be isolated. We are face to face with the duty and the task of using the influence of this great Nation to bring about the security and peace of the world.

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Our people realized this when they determined that the time had come for us to engage in suppressing the military autocracy of the Teutonic allies, and we have just completed that task at a stupendous cost in treasure and in human life. We can not afford to have another world war. The interests of the American people demand peace, security, stability, in order that they may enjoy the rights guaranteed by our Constitution of life, liberty, and the pursuit of happiness.

Mr. President, may I not be permitted to pray that my colleagues shall consider this matter with very great patience, and deliberation, to the end of perfecting this proposal establishment of international law in order that our people may have the peace to which they are so thoroughly entitled? America brought this war to an end, to the imperishable glory of her gallant and intrepid sons, who, over every obstacle of barbed wire, sunken trenches, concealed machine guns, against poisonous gases, against a hurricane of shrapnel, and high explosives, never paused and never failed to advance until the German military commanders collapsed.

The people of Europe and the people of the world owe to America a debt which can never be paid, and America must not depart from her high standards of human service. The time is at hand to establish the conditions which will verify the prophecy of a thousand years of peace. The time has come when there shall be established upon the earth the great principles of liberty, of justice, of humanity, and America should take the leading part in that constructive work. I am one of those who strongly advised the President of the United States to go to Europe in order that the ideals of America might be presented to the European statesmen, whom I knew were embarrassed because of their long and painful experience with militarism. I knew that they could not help thinking in terms of strategic boundaries, in terms of battalions, in terms of armaments, and I am rejoiced that our President was able to favorably influence European opinion, so that we now have laid before us the preliminary formulation of a plan which when perfected will effect and maintain forever the peace of the world. Let America take her place in the front rank in this forever-glorious enterprise.

I ask permission to insert in the Record a quotation from Mr. Roosevelt upon this matter, which he made in his Nobel speech, as an exhibit to my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From an address on "International Peace" before the Nobel Prize Committee, delivered at Christiania, Norway, May 5, 1910, by Theodore Roosevelt.]

(Italics are inserted to emphasize certain proposals.—R. L. O.)

Now, having freely admitted the limitations to our work and the qualifications to be borne in mind, I feel that I have the right to have my words taken seriously, when I point out where, in my judgment, great advance can be made in the cause of international peace. I speak as a practical man, and whatever I now advocate I actually tried to do when I was for the time being the head of a great Nation, and keenly jealous of its honor and interest. I ask other nations to do only what I should be glad to see my own Nation do.

The advance can be made along several lines. First of all, *there can be treaties of arbitration*. There are, of course, States so backward that a civilized community ought not to enter into an arbitration treaty with them, at least until we have gone much further than at present in securing *some kind of international police action*. But all really

civilized communities should have effective arbitration treaties among themselves. I believe that these treaties can cover almost all questions liable to arise between such nations, if they are drawn with the explicit agreement that each contracting party will respect the other's territory and its absolute sovereignty within that territory, and the equally explicit agreement that (aside from the very rare cases where the nation's honor is vitally concerned) all other possible subjects of controversy will be submitted to arbitration. Such a treaty would insure peace unless one party deliberately violated it. Of course, as yet there is no adequate safeguard against such deliberate violation, but the establishment of a sufficient number of these treaties would go a long way toward creating a world opinion which would finally find expression in the provision of methods to forbid or punish any such violation.

Secondly, there is the further development of The Hague Tribunal, of the work of the conferences and courts at The Hague. It has been well said that the first Hague conference framed a Magna Charta for the nations; it set before us an ideal which has already to some extent been realized, and toward the full realization of which we can all steadily strive. The second conference made further progress; the third should do yet more. Meanwhile the American Government has more than once tentatively suggested methods for completing the court of arbitral justice, constituted at the second Hague conference, and for rendering it effective. It is earnestly to be hoped that the various Governments of Europe, working with those of America and of Asia, shall set themselves seriously to the task of devising some method which shall accomplish this result. If I may venture the suggestion, it would be well for the statesmen of the world, in planning for the erection of this world court, to study what has been done in the United States by the Supreme Court. I can not help thinking that the Constitution of the United States, notably in the establishment of the Supreme Court and in the methods adopted for securing peace and good relations among and between the different States, offers certain valuable analogies to what should be striven for in order to secure, through The Hague courts and conferences, a species of world federation for international peace and justice. There are, of course, fundamental differences between what the United States Constitution does and what we should even attempt at this time to secure at The Hague, but the methods adopted in the American Constitution to prevent hostilities between the States and to secure the supremacy of the Federal court in certain classes of cases, are well worth the study of those who seek at The Hague to obtain the same results on a world scale.

In the third place, something should be done as soon as possible to check the growth of armaments, especially naval armaments, by international agreement. No one power could or should act by itself, for it is eminently undesirable, from the standpoint of the peace of righteousness, that a power which really does believe in peace should place itself at the mercy of some rival which may at bottom have no such belief and no intention of acting on it. But, granted sincerity of purpose, the great powers of the world should find no insurmountable difficulty in reaching an agreement which would put an end to the present costly and growing extravagance of expenditure on naval armaments. An agreement merely to limit the size of ships would have been very useful a few years ago, and would still be of use, but the agreement should go much further.

Finally, it would be a master stroke if those great powers honestly bent on peace would form a league of peace, not only to keep the peace among themselves but to prevent, by force if necessary, its being broken by others. The supreme difficulty in connection with developing the peace work of The Hague arises from the lack of any executive power, of any police power, to enforce the decrees of the court. In any community of any size the authority of the courts rests upon actual or potential force, on the existence of a police, or on the knowledge that the able-bodied men of the country are both ready and willing to see that the decrees of judicial and legislative bodies are put into effect. In new and wild communities where there is violence, an honest man must protect himself, and, until other means of securing his safety are devised, it is both foolish and wicked to persuade him to surrender his arms while the men who are dangerous to the community retain theirs. He should not renounce the right to protect himself by his own efforts until the community is so organized that it can effectively relieve the individual of the duty of putting down violence. So it is with nations. Each nation must keep well prepared to defend itself until the establishment of some form of international police power, competent and willing to prevent violence as between nations. As things are now, such power

to command peace throughout the world *could best be assured by some combination between those great nations which sincerely desire peace and have no thought themselves of committing aggressions.* The combination might at first be only to secure peace within certain definite limits and certain definite conditions; *but the ruler or statesman who should bring about such a combination would have earned his place in history for all time and his title to the gratitude of all mankind.*

Mr. FRANCE. Mr. President, will the Senator yield?

Mr. OWEN. I yield to the Senator.

Mr. FRANCE. I have been very much interested in the address of the Senator, because I know that he entertains some very progressive political views. I desire to ask him one or two questions, for I know that he has given much study to the phraseology of the proposed constitution of the league. Does he apprehend that under the present phraseology we might be called upon to conscript our soldiers for the purpose of fighting Ireland, for example, if Ireland should desire her independence, or of fighting India, if India should desire her independence from the British Empire?

Mr. OWEN. The exact reverse, of course, is true. The conditions which, under the old régime, made subject nations a military asset will no longer exist if the league be established; and nations would not regard subject nations as an asset, but as a liability, where they were discontented.

Mr. FRANCE. I ask that question in view of the statement of the Senator that he thought the language should be made clear, so that it would be apparent always that member nations should not interfere in internal disputes.

Mr. OWEN. There is nothing in this proposed league of nations which would require the United States to furnish her troops on the battle field. It is one thing to have an aggressive nation invading the territorial integrity or political independence of a nation, and by that act, in violation of these terms, making war itself upon all nations. We had war made on us a long time before we yielded to the affront and to the danger which threatened us. A nation can make war under the terms of this constitution without involving us in any degree to furnish any troops. On the contrary, instead of its leading to conscription, Gen. Smuts in his book on the League of Nations argues that conscription is a potent means of promoting war, and he is opposed to conscription.

Mr. FRANCE. Certainly there is great ambiguity in the language when it is susceptible of so many different interpretations.

Mr. OWEN. I think some of the interpretations of the language used are not justified at all by the language itself, but are quite hypercritical and entirely unjustified by anything in the instrument.

Mr. FRANCE. Now, I desire to ask the Senator one more question. What does he consider to be the purpose of this league of nations? Is it merely to secure peace, or is it really to secure justice and the advancement of the welfare of all men, including the advancement of the backward nations of the world?

Mr. OWEN. They are coincident. Justice and peace go hand in hand. You can not have peace if you do not have justice.

Mr. FRANCE. I am very glad the Senator is bringing out that thought—

Mr. OWEN. The Senator himself brought it out.

Mr. FRANCE. Because, according to the idea that I entertain, the two things are not always synonymous. Sometimes there can not be justice if there is to be peace; sometimes justice can not be advanced by peaceable means; and it seems to me it should be clearly stated what the purpose is. If it is merely to be a league of peace for the preservation of the status quo, that is one thing. If it is to be a league which is to express the great cooperative spirit for the advancement of the world and for the uplifting of those peoples of the world who are backward and have been kept down because heretofore there has been exploitation rather than a desire for elevation, then the league is quite a different thing.

Mr. OWEN. Mr. President, so far as Great Britain is concerned, I think, the best evidence that she had tried to give justice to her colonies was shown by the loyalty and zeal of her colonies in coming to her support in this great crisis of the war.

Mr. FRANCE. To try is not enough. To try for justice is not enough. Justice must be accomplished. How about the great country of Africa, composing approximately one-fourth of the earth's land surface? The same heathenism, the same savagery, exist to-day in the heart of Africa as existed when the pyramids were new. A mere good-natured will is not enough. The liberals of the world to-day demand results, and they will have them.

Mr. OWEN. I am pleased to see the Senator's enthusiasm in favor of justice. I am in accord with his desire.

Mr. FRANCE. I believe that the Senator is; but let us keep the great purpose to the front, not merely a stagnant universal passivity but a purpose of progress and advancement. That is what I hope to see come out of this great cooperative movement.

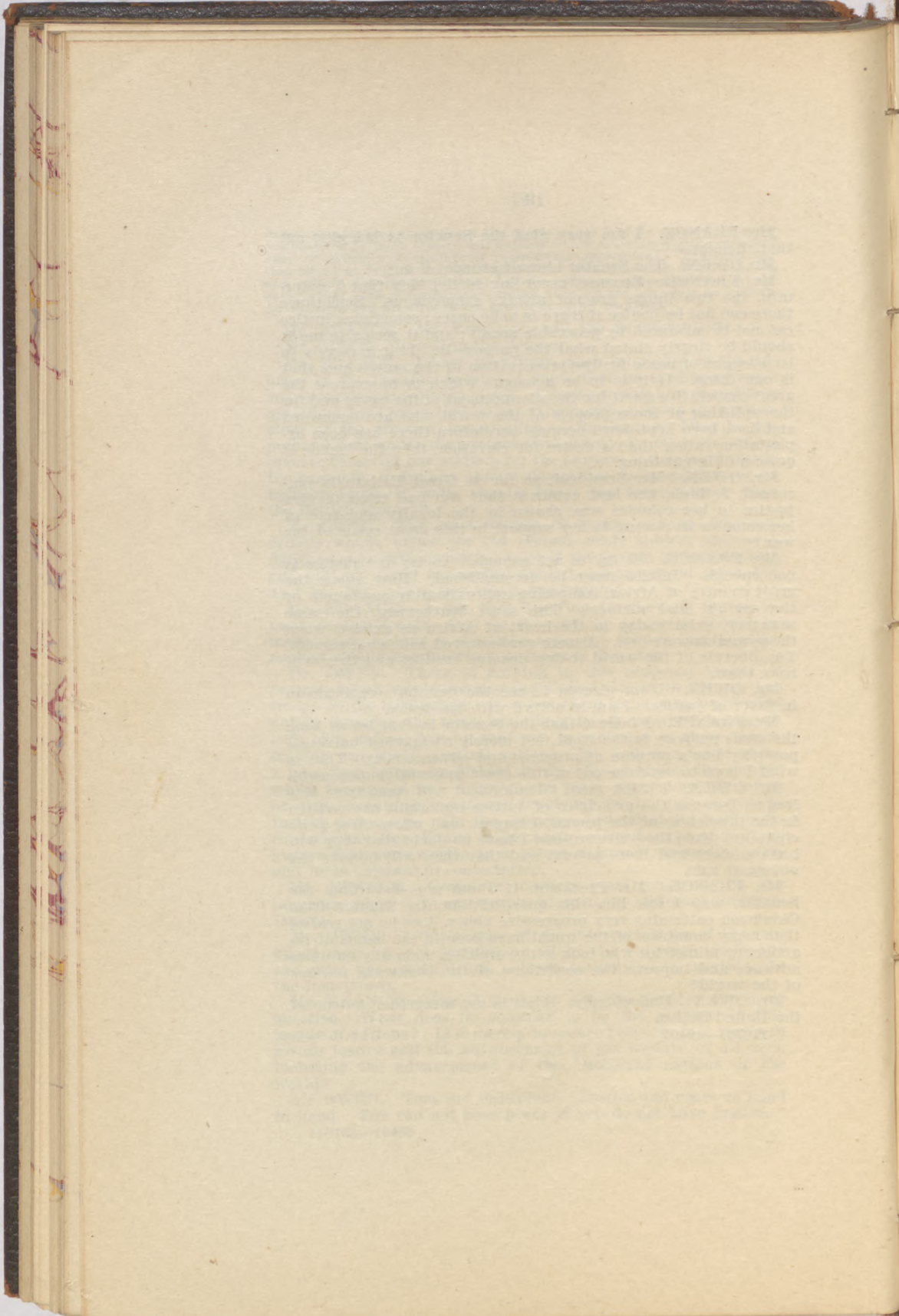
Mr. OWEN. I think great advancement will come from this league, because the principles of justice and right are written in the provisions of the proposed league; and when those principles are made the universal law I have no doubt that they will become more and more potent, and that they will become the universal rule.

Mr. FRANCE. Mr. President, if I am not disturbing the Senator, may I ask him this question: As the Senator from Oklahoma entertains very progressive views, does he not realize that many countries of the world have been in the hands of reactionary ministries who look with suspicion upon any effort to advance and improve the conditions of the backward nations of the world?

Mr. OWEN. Undoubtedly. That is not altogether untrue of the United States.

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The Peace Treaty and League of Nations

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

JULY 31, 1919



WASHINGTON

1919

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SPEECH

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SENATE OF THE UNITED STATES

JULY 17, 1789

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1919

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SPEECH
OF
HON. ROBERT L. OWEN.

THE PEACE TREATY AND LEAGUE OF NATIONS.

Mr. OWEN. Mr. President, the Senate of the United States is facing its greatest responsibility in the history of the Republic. We are face to face with the acceptance or the rejection of a treaty of peace with Germany, and the acceptance or rejection of a covenant establishing a league of nations and a new world order of liberty, justice, and humanity.

In a great enterprise of this character we must not permit ourselves to deal with the shadows; we should deal only with the substance.

The treaty with Germany establishes the disarmament of Germany as a great vital fact, absolutely breaks its military and naval power, its dynastic ambition and militarism, and compels reparation for the damage done by the German people. It compels the German and Austrian Governments to recognize the rights of subject peoples heretofore dominated by Germany and her allies. They are compelled to recognize the Poles, the Czecho-Slovaks, the Jugo-Slavs, and to recognize the new boundaries of these peoples and their right to self-government, their right of self-determination, and equitable treatment to their commerce and industry. The reduction of the military power of Germany is an event of the first magnitude. It is the reduction of the only great power which in modern times has entertained the ambition of world dominion; it is the reduction of the only great power deliberately building up a military force for aggrandizement, for annexation, for indemnity, and for profit. The reduction of German war power and lust for dominion by this war and by this treaty is one great fact that must color everything which follows. Above all, there is established by a world agreement the covenant of the league of nations with a force of sufficient financial, commercial, military, and naval power to command the peace of the world for all time.

I have studied the covenant of the league of nations with care. I have read many speeches hostile to this covenant, and have weighed the arguments against the covenant. I have found them very hypercritical, partisan, and without convincing force.

I am profoundly convinced that it is my duty as a Senator of the United States, representing the people of the United States, to give this covenant my support without amendment or reservation. I regard it as my duty to the world to support this covenant.

Mr. President, the peace of the world might have been secured by the conventions at The Hague in 1899 and 1907 if it

had not been for the military autocracies governing Germany, Austria, Bulgaria, and Turkey, whose representatives refused to agree to arbitration or to disarmament and who, when ready, violated all The Hague conventions and their solemn treaties with other nations in their violent attempt in 1914 to establish world dominion.

The great obstacle to world peace of 1899 and 1907 is happily removed.

These autocratic military governments are now disarmed. They will be compelled to accept the principles of international morality, and it may well be believed that with the overthrow of the military autocracies which governed these peoples, which dominated and drove them into battle, the people themselves will soon realize their deliverance and will appreciate and support with heartfelt loyalty the new world order.

Mr. President, the great conflict between military autocracy and the growing democracies of the world was almost unavoidable. The Romanoffs, the Hohenzollerns, the Hapsburgs, and the Bourbons, by the Secret Treaty of Verona, had sworn, in 1822, to destroy the democracies of the world. That treaty, articles 1 and 2, provided:

ARTICLE 1. THE HIGH CONTRACTING POWERS BEING CONVINCED THAT THE SYSTEM OF REPRESENTATIVE GOVERNMENT IS EQUALLY AS INCOMPATIBLE WITH THE MONARCHIAL PRINCIPLES AS THE MAXIM OF THE SOVEREIGNTY OF THE PEOPLE WITH THE DIVINE RIGHT, ENGAGE MUTUALLY, IN THE MOST SOLEMN MANNER, TO USE ALL THEIR EFFORTS TO PUT AN END TO THE SYSTEM OF REPRESENTATIVE GOVERNMENTS IN WHATEVER COUNTRY IT MAY EXIST IN EUROPE AND TO PREVENT ITS BEING INTRODUCED IN THOSE COUNTRIES WHERE IT IS NOT YET KNOWN.

ART. 2. AS IT CAN NOT BE DOUBTED THAT THE LIBERTY OF THE PRESS IS THE MOST POWERFUL MEANS USED BY THE PRETENDED SUPPORTERS OF THE RIGHTS OF NATIONS TO THE DETRIMENT OF THOSE OF PRINCES, THE HIGH CONTRACTING PARTIES PROMISE RECIPROCALLY TO ADOPT ALL PROPER MEASURES TO SUPPRESS IT, NOT ONLY IN THEIR OWN STATES BUT ALSO IN THE REST OF EUROPE.

They immediately overthrew the limited monarchy in Spain and established an absolute monarchy under the same prince. They did the same thing in Italy with a view to establishing absolute monarchies throughout the world and keeping the people of the world as subjects, as political slaves, and as industrial slaves subject to the mastery of the ruling powers.

The Monroe doctrine was declared for the express purpose of checking this monarchical movement and preventing its extension to the Western Hemisphere. The Hohenzollerns were the leaders of this conspiracy from 1822 down to 1914, and down to the day when William II fled to Holland before the victorious powers of the democracies of the world.

This great war was fought by America on the principle that the peoples of the world had the right to govern themselves, and the allied Governments confirmed the American theory on November 5, 1918, as the basis of the armistice. The present dictated treaty of peace is the result and is before us.

This war was a war to establish right against might, justice and humanity against injustice and inhumanity; to establish the rule of conscience throughout the world against the rule of brute force, the right of men everywhere to govern themselves.

The principles of righteousness were successful, and in the final months of battle the great powers of the United States were

marshaled and thrown upon the battle field, giving vitality to the flagging forces of Great Britain, of France, of Italy, and of Belgium, and brought an imperishable glory to the American Republic as the world apostle of liberty and righteousness.

LEAGUE OF VICTORIOUS NATIONS.

Mr. President, on the battle field a league of victorious nations was established, led by the United States, Great Britain, France, Italy, Belgium, and Japan, and including 20 others. It may be fairly said that the sympathy of all of the nations of the world, of all the people of the world was finally aroused against the wicked lust for dominion exhibited by the rulers of Germany, and that finally on the inside of Austria and on the inside of Germany disintegration commenced because of the discontent of the Austrian and German people with the false leadership they had been compelled to follow. It was a pathetic scene when we saw the Czecho-Slovaks, who had deserted Austria and fought for the Allies, having passed around the world, reached Washington and marched before the White House as a tribute to the United States and as an evidence of their own devotion to the cause of justice and righteousness.

Mr. President, the still small voice coming from the Divine Spirit moves the hearts of all men and ultimately makes truth triumphant and justice victorious.

We have now, Mr. President, a league of nations in actual operation—a league of victorious nations, with their representatives in Paris completing the task imposed upon the world by William II.

A league of victorious nations, through their representatives, has presented to us a treaty of peace with Germany, with a covenant of a world league of nations approved by the representatives of 32 nations: United States, Belgium, Bolivia, Brazil, the British Empire (including Canada, Australia, South Africa, New Zealand, and India), China, Cuba, Ecuador, France, Greece, Guatemala, Haiti, Hedjaz, Honduras, Italy, Japan, Liberia, Nicaragua, Panama, Peru, Poland, Portugal, Roumania, Serb-Croat-Slovene State, Siam, Czechoslovakia, and Uruguay.

Mr. President, 13 other great States—Argentina, Chile, Colombia, Denmark, Netherlands, Norway, Paraguay, Persia, Salvador, Spain, Sweden, Switzerland, Venezuela—in effect Republics more or less advanced, are ready and have been invited to join the covenant of the league of nations.

Mr. President, I can not but believe that within a short period of probation Germany, Austria, and Bulgaria will be admitted to the league of nations, and that Russia—a united Russia, a great Republic of Russia, or perhaps several republics composed of Russian people—will gladly join the league when they shall have established orderly, democratic government.

All of these nations stand for peace and justice and sympathetic cooperation, and the Hohenzollerns, the Hapsburgs—the governments based on militarism and lust for world dominion—are dead beyond the possibility of resurrection.

We are entering a new world order. The representatives of 32 nations have been conferring together since the 11th day of November, 1918, and have finally worked out with infinite pains a treaty of peace with Germany which is now before us (S. Doc. No. 49, 66th Cong., 1st sess.). It comprises 440 articles—a

volume of 194 pages. It is the most important treaty the world has ever seen. It deals not only with Germany but in effect it deals with the new nations that are brought into life by this peace treaty.

I shall support the treaty of peace as the best settlement found possible by the representatives of the great nations fighting together for liberty and justice.

We have a league of nations now, born of necessity, created by war, by the exigencies of life and death, and they are transacting business without any other charter than the charter of necessity. This treaty has not been carelessly drawn. The United States alone had a large number of expert men engaged in an advisory capacity to gather together the information for our peace commissioners, and it is quite a wonderful tribute to the excellence of this treaty and to its thoroughness and to its accuracy that the opponents have found in 440 articles so few of which they can complain. I shall refer to some of these objections later.

But, Mr. President, what I now wish to emphasize is that we have a league of nations working without a charter, establishing by military force the peace of Europe, a peace which is essential and necessary to the peace of the American people; that the league of victorious nations in arms through its representatives has finally reached an agreement. Germany has ratified the terms; Great Britain has ratified it; France in a few days will have ratified it, and so will Japan. Are these great voices of no persuasive force? It is a dictated peace, as I had the honor to advise the honorable Senator from Massachusetts [Mr. LODGE] it would be, when he denounced the armistice and President Wilson's question to the German people which preceded the armistice. It is as much a dictated peace as if the Allies had gone to Berlin after having devastated hundreds of cities and villages and marched over the bodies of hundreds of thousands of the slain.

Never was a greater assemblage of scholars, technical experts, historians, and trained statesmen assembled. Their work should command the respect of all thoughtful men who respect authority and are moved by competent argument.

Mr. President, the nations composing the league of victorious nations discovered that while they were bound together by the exigencies of war in framing the future relations of the nations of Europe with Germany and her allies, and compelling compliance to the decrees of the great Allies, it was essential to establish a league of nations that should embrace all the nations of the world, 32 of whom were already at the peace table joining in the making of peace with Germany, and it was well known that all the other nations in the world, except Germany and her allies and disordered Russia, were ready to adjust themselves to a world-wide league of nations for the preservation of the future peace of the world and for the very vital purpose of making effective the settlement with Germany and her allies, making a certainty that militarism should not again raise its martial head, and that Germany and Austria should respect the penalties imposed upon them and make reparations for the damage they had done.

Throughout the treaty of peace with Germany the proposed league of nations is charged with many responsibilities to see

that this treaty is carried out; that the boundaries fixed shall be respected. This treaty establishes new relations between Germany and all other nations in the most important particulars, with the new States, Czechoslovakia, Poland, Austria, Hungary, Schleswig, with Russia and the Russian States, with the German colonies, with China, with Siam, Liberia, Morocco, with Egypt, Turkey, Bulgaria, and in respect to Shantung.

This treaty is of gigantic importance in disarming Germany, demobilizing her forces, limiting her army and navy, her armaments, her munitions, her materials of war, abolishing absolutely compulsory military service in Germany, preventing short enlistments in the army to train citizens as soldiers, limiting her fortifications, depriving her of the right to have military aeroplanes or submarines, authorizing interallied commissions of control, making sweeping provisions for reparation, and proposing proper penalties upon the criminal leaders who committed the hideous crime of the war of 1914.

This treaty of necessity deals with commercial relations, with property rights, contracts, judgments, ports, waterways, railways, navigation, and so forth.

Mr. President, the covenant of the league of nations substitutes law and order in place of anarchy between nations. We have had no such thing as international law. We have had merely international precedents, international ethics and agreements. No rule of human conduct not prescribed by competent authority and capable of enforcement deserves to be called a law.

The covenant of the league of nations is the beginning of international order and international law to govern relations of the citizens of one nation with the citizens of another nation. The covenant is drawn up with avowed purpose—to promote international cooperation and to achieve international peace and security.

The most intense partisan bigotry will not challenge the nobility of this purpose. The means by which this noble end shall be accomplished is specifically laid down—

First. By the acceptance of obligations not to resort to war.

Second. By the prescription of open, just, and honorable relations between nations.

Third. By the firm establishment of the understandings of international law as the actual rule of conduct among Governments.

Fourth. By the maintenance of justice and a scrupulous respect for all treaty obligations in the dealings of organized peoples with one another.

These four proposals are the proposals of the first paragraph of the covenant of the league of nations, and whatever follows must be interpreted in the light of the purpose and the plan proposed to carry out the purpose of achieving international peace and security.

The 26 articles then lay out a plan for achieving international peace and security.

First it pledges every member (art. 10) not to invade the territorial integrity or existing political independence of any other member nation, and not only to respect this principle but to preserve against external aggression the territorial integrity and existing political independence of all members of the league. Abundant means for safeguarding the future peace of the world is provided as follows:

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a. By recognizing the importance of reducing armaments to the lowest point consistent with national safety and international obligations;

b. By limiting the private manufacture of munitions and implements of war and providing a means for abating this menace to peace;

c. By giving full information with regard to the manufacture of armaments and military, naval, and air programs;

d. By establishing a commission to deal with the question of military and naval programs;

e. By providing for an immediate call of the council in case of war or a threat of war (art. 10);

f. By providing that members of the league shall submit disputes to arbitration or to inquiry by the council, and that they will not resort to war until at least three months after the award by the arbitrators or the report of the council (art. 12).

g. By recognizing as suitable for arbitration—

First. All disputes relating to the interpretation of treaties.

Second. Any question of international law.

Third. The existence of any fact which if established would constitute a breach of any international obligation.

Fourth. Or as to the extent and nature of the reparation to be made for any such breach.

h. Provision is made that the members of the league will carry out in good faith any award that may be rendered, and that they will not resort to war against a member which complies with the award (art. 13).

i. A permanent court of international justice is contemplated to be submitted to the members of the league for consideration (art. 14).

k. A further provision is made to settle disputes by providing that questions not submitted to arbitration shall be submitted to the council for full investigation and consideration.

l. Provision is made for an appeal to be made from the council to the assembly (art. 15).

m. If any member resorts to war in disregard of its covenants to arbitrate or adjust its differences with other nations under articles 12, 13, or 15, it shall, ipso facto, be deemed to have committed an act of war against all other members of the league, which undertake immediately to subject the offending nation—

First, to the severance of all trade or financial relations.

Second, the prohibition of all intercourse between other nationals and the nationals of the offending State.

Third, the prevention of all financial, commercial, or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the league or not.

These penalties are sufficient to deter any nation on earth from attacking another nation in violation of the covenanted agreements (art. 16).

n. Moreover, it is provided that it shall be the duty of the council in the case of an outlaw nation to recommend to the several Governments concerned what effective military, naval, or air forces the members of the league shall severally contribute to the armed forces to be used to protect the covenants of the league (art. 16).

This provision is similar to the provision in article 10 that where any nation is exposed to an exterior aggression of its territorial integrity or existing political independence by another nation, the council shall advise as to the means by which the obligation to preserve the territorial integrity and existing political independence of nations shall be fulfilled.

o. Article 16 makes further provision that in the case of an outlaw nation the members of the league shall cooperate in financial and economic ways to minimize the harm done by a blockade and boycott of the offending nation.

p. Article 17 provides for the settlement of disputes between nations not members of the league, and provides for the coercion of any nonmember which assails a member nation contrary to the principles of the league.

q. Publicity of treaties is provided for as a safeguard against secret treaties (art. 18).

r. The assembly is authorized to advise the reconsideration of existing treaties that may involve or endanger the peace of the world (art. 19).

s. The members of the league are to cancel and set aside obligations or understandings among themselves which are inconsistent with the principles of the proposed league, and they agree not to hereafter enter into engagements inconsistent with the principles of the league (art. 20).

t. The league is intrusted with the general supervision of the trade in arms and ammunition with the countries in which the control of this traffic is necessary in the common interest (art. 23).

u. The very great and important principle is laid down in the proposed covenant that the people in German colonies and territories where the people are not yet able to stand by themselves shall have their right of development placed under the authority of the league of nations as a sacred trust of civilization, and that mandatories shall be established comprising nations trained in the art of government which shall exercise the responsibility, under a charter issued by the council in behalf of the league, determining the degree of authority, control, or administration to be exercised by the mandatory, and providing for annual reports, and recognizing the principles of justice and the right of the people who are governed to primary consideration.

v. Some very important principles are laid down in section 23, pledging the member nations—

(a) To endeavor to secure and maintain fair and humane conditions of labor for men, women, and children both in their own countries and in all countries to which their commercial and industrial relations extend, and for that purpose to establish and maintain the necessary international organizations—

(b) Pledging the members to undertake to secure just treatment of the native inhabitants of territories under their control.

(c) That they will intrust the league with the general supervision over the execution of agreements with regard to the traffic in women and children, and the traffic in opium and other dangerous drugs.

(e) That they will make provision to secure and maintain freedom of communications and of transit and equitable treatment for the commerce of all members of the league.

(f) That they will endeavor to take steps in matters of international concern for the prevention and control of disease.

That they will encourage and promote voluntary Red Cross organizations (art. 25).

Mr. President, this covenant provides for the settlement of every international dispute that can honestly arise. It provides for the disarmament of nations to the limit of safety. It provides a gigantic penalty of international boycott and blockade of any nation which, contrary to the principles of the league, invades the territorial integrity or political independence of another nation. It lays down the principles of justice and humanity. It pledges the nations of the world to the great principles of peace and international justice and international understanding. And above all the old enemies of peace and justice are powerless and made incapable of future mischief.

Those who have been opposing the league have not been able to point out in a single instance where they could improve upon the precautions taken by this great covenant to prevent war in future.

We are face to face with either accepting the covenant or rejecting it. If I should take part in rejecting it, Mr. President, my conscience would never cease to distress me as having failed in a great crisis of the world's history to do what I could to establish peace on earth, good will toward men.

Mr. President, the covenant of the league of nations is the consummation of a century of the aspirations of the good men of the world. It is the work of many hands. The doctrine of disarmament and of arbitration would have been adopted at The Hague in 1907 except for Germany and her allies.

It is absolutely inconceivable that any existing democracy on earth would disregard the principles laid down in this league. They would have no motive, in the first place. They would not dare, in the second place.

PRESIDENT WILSON.

The political enemies of President Wilson should not throw themselves in blind fury against the covenant of the league of nations on the theory that it is his child, conceived by him and brought forth by him, and therefore deserving a merited slaughter. The principles of the league are those of The Hague conventions brought down to date. It represents the best opinions of the whole civilized world. As far as the covenant of the league of nations is concerned it is full of wisdom and virtue. It is a child conceived by all the lovers of men.

I was one of those, and I assume the responsibility, who urged President Wilson to go to Paris and to use his prestige as President of the United States to bring about this covenant. I think he is entitled to very great credit for having succeeded in bringing back a covenant fundamentally sound, which will accomplish the purpose of world peace, world order, and world prosperity. History will give him a credit which his political opponents would now deny.

OPPOSITION TO THE COVENANT.

Mr. President, one of the first principles which I learned as a Member of the Senate, in its capacity to pass upon foreign treaties, was this—

That in the Senate of the United States party lines should cease at tidewater.

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I have been profoundly disappointed to find the distinguished Senator from Massachusetts, the present chairman of the Committee on Foreign Relations [Mr. LODGE], ignoring this sound principle with his round robin, marshaling all the Republican Senators whom he could influence to protest against the covenant establishing the league of nations, making hostile speeches against it, and leading other Senators to do the same thing.

The opponents of the league have proven too much.

The distinguished Senator from Illinois [Mr. SHERMAN] undertook to demonstrate that the league would be controlled by the Catholic Church by controlling a majority of the votes of the assembly and that the Catholic Church would thus rule the world.

Another Senator undertook to prove in the same way that the colored races would control the league of nations, and therefore control the world.

Other Senators to their own satisfaction have shown that Great Britain would in like manner control the league and therefore control the world.

These Senators might do well to reconcile their own differences before they ask the people of the United States to follow a leadership that leads in all directions at once.

But, Mr. President, they are completely put to confusion by a fair interpretation of the covenant itself. The action of the league (art. 2) must be effected through the instrumentality of an assembly and of a council. It is expressly provided in article 5 that—

Except where otherwise expressly provided in this covenant or by the terms of the present treaty, decisions at any meeting of the assembly or of the council shall require *the agreement of all the members of the league represented at the meeting.*

In other words no decision except by unanimous vote.

The only exceptions provided for by the covenant are in respect to matters of procedure, the appointment of committees (these arrangements may be decided by a majority) (art. 5), and in the case of an appeal to the assembly of a pending dispute it is provided that a decision may be arrived at if concurred in—

by the representatives of those members of the league represented on the council and of a majority of the other members of the league, exclusive in each case of the representatives of the parties to the dispute.

In other words, the decisions of the assembly or of the council in relation to international affairs must be unanimous. Where is the possibility of the dominance of any nation over other nations represented on the council or in the assembly? Where is the danger of dominance by England, the Catholic Church, or the colored races when no action can be taken except by unanimous consent?

Great stress has been laid upon the number of votes given to Great Britain as in the cases of Australia, South Africa, New Zealand, Canada, and India, while only one is given to the United States.

The answer to this is that since a unanimous decision is required it is not of the slightest importance; and, second, that in so far as mere votes are concerned, the United States has a number of small nations whose support could be relied upon, as Cuba, Haiti, San Salvador, Panama, Liberia, Nicaragua, Hon-

duras, and Guatemala, whose population is negligible but whose dependence upon the United States is of such a character that their cooperation with the United States can be as much relied upon as the cooperation of Canada with Great Britain.

But there is nothing in the argument one way or the other. The argument is specious, it is fallacious, it is misleading, and unworthy of being presented to the American Senate. A few votes are of no importance where all must agree.

ENTANGLING ALLIANCES.

The opponents of the covenant establishing the league declare with suspicious zeal that we are violating the advice of our revered Washington and ignoring his warning against entangling alliances.

The entangling alliances to which Washington referred were agreements, common in his day, making offensive and defensive alliances between one autocracy and another, between rival groups of monarchies. He was very wise to advise the United States to keep out of such difficulties where nations were controlled by military and dynastic ambitions and selfish intrigue.

Our revered Washington had not the faintest conception of the present covenant establishing a world order by the democracies of the world as a result of the complete overthrow of the Hohenzollerns, the Hapsburgs, and the Romanoffs. So far is membership in the league of nations under the present covenant from being an entangling alliance, it is an association which will make impossible any entangling alliances such as those contemplated by Washington.

The present covenant precludes the possibility of military, dynastic alliances. The present covenant establishes peace on earth, establishes a just and fair relationship between all nations, with all the nations of the earth pledged to maintain the political integrity and the existing political independence of every single member nation. I agree with Senator LODGE's speech of June 9, 1915, at Union College, that "there is no escape from the proposition that nations must unite to prevent war," and disagree with his present attitude. Is it not strange he has made no constructive proposals?

MONROE DOCTRINE.

Without a gleam of humor there are opponents of the league who have the hardihood to confront the intelligence of mankind with the astonishing proposal that the present covenant would abolish the Monroe doctrine. These unhappy statesmen think the Monroe doctrine is a charter establishing suzerainty over the Central and South American Republics and that it is a species of overlordship by which the United States has a right to manage and control the policies of the other Republics on the Western Hemisphere. This un-American conception has been highly mischievous just to the extent that it has had the temerity by mysterious innuendoes to formulate itself. It has caused the Republics of South America and of Central America to look upon the United States as the Colossus of the North, ready to invade their territory and their existing political independence whenever a pretext arises for the purposes of profit—commercial, financial, or political.

This is the doctrine which the Germans have used in the Argentine, and Chile, and Brazil, and Colombia, and throughout the South American Republics and the Central American Republics, for the purpose of discrediting the United States and breaking down our just influence with these neighboring Republics whose faithful friend we always have been and whose faithful friend we always shall remain.

The Monroe doctrine is this: That the United States will regard it as an unfriendly act for any foreign nation to attempt to establish on the Western Hemisphere its system of government or to interfere with the political independence or policies of the Republics on the Western Hemisphere.

This doctrine has been somewhat expanded to mean that the United States would not be indifferent to an attempt on the part of a foreign Government to acquire additional lands on the Western Hemisphere.

The Monroe doctrine does not give the United States any rights of suzerainty. The rights of the United States have been somewhat expanded, by the necessities of the case, as in Haiti, under the same principle which is recognized in article 22 of the pending covenant, establishing mandatories over communities showing themselves incapable of orderly self-government. But this is an entirely different principle from the Monroe doctrine, and the Monroe doctrine may fairly be construed to preclude a foreign nation from exercising the rights of a mandatory on the Western Hemisphere.

Article 10 pledges all the members of the league to respect and preserve the territorial integrity and existing political independence of the member nations, and this is a powerful confirmation of the underlying principle of the Monroe doctrine, forbidding foreign nations and all other nations to invade the territorial integrity or to interfere with the political independence of the Republics of the Western Hemisphere.

But the covenant goes further. It actually recognizes, in terms, the Monroe doctrine (art. 21), which is all any reasonable man ought to desire; and this great covenant of the league of nations, instead of weakening the Monroe doctrine, would strengthen it, confirm it, and cause it to be acknowledged by all the world.

THE LEAGUE HAS NOT STOPPED WAR.

The opponents of the proposed covenant say that it has not stopped war; that there are a dozen wars pending now.

Nearly all of the so-called wars pending are civil wars, and not really international wars. A few are over disputed boundaries or disputed authority.

The league of nations has not yet been established. The United States has not yet approved the covenant. But the league of victorious nations, which is giving birth to the league of all nations, has stopped the greatest war in history, the war in Belgium, in France, in Italy, in Greece, in Serbia, and in Germany, in Austria, Bulgaria, and Turkey, and demobilized their armed forces.

The gigantic armies of the Teutonic allies are demobilized. The great warring armies are rapidly returning to civilized pursuits, and the smaller civil disputes which remain will rapidly adjust themselves when the great nations of the world act.

RESERVATIONS.

The opponents of the league having observed that article 1 provides that the members of the league are those who shall accede without reservation to the covenant now insist upon reservations which would exclude, by the conditions of article 1, the United States from membership in the league of nations.

Reservations are not necessary to the covenant as drawn and are objectionable because by the terms of the covenant itself any reservation to article 1 would exclude the United States from membership in the league of nations and possibly defeat the covenant itself by leading to other reservations and withdrawals.

Instead of making reservations which would temporarily exclude the United States from membership in the league it would be much better to ratify the treaty of peace with Germany and let Senators who have doubts remaining pass resolutions at the same time stating what the interpretation of the Senate or of Senators may be. This would be ratification with an explanatory interpretation of the meaning coincident to it by those who think this necessary. But no reservations should be attached to the ratification of the treaty itself, for the reason that it would exclude the United States from membership in the league if this were done, or bring the covenant into great confusion by inviting 50 nations to make reservations and amendments, to be in turn submitted to other nations and invite new amendments or reservations.

Mr. President, I think it should be remembered by the Senate that the sovereignty of the United States is vested in the people of the United States; that the Senate and House of Representatives merely occupy a position of temporary authority. No Congress can bind a succeeding Congress. Any Congress can, by act of Congress, repeal any treaty which is made. That is the law of the United States, as repeatedly construed by the United States Supreme Court. The effect of a treaty in the way of a promise to another nation only carries with it as valid and binding a moral obligation. A moral obligation, of course, is sufficient to bind the representatives of the people of the United States, but if, when they ratify this treaty with Germany, they should on the same day and in a separate instrument pass a resolution stating what, in the opinion of the Senate, is the limitation upon the power of the Senate, what is the interpretation of the Senate in agreeing to the covenant, it would completely meet every possible objection at any future time that the United States was not living up to its moral obligation, if any nation in the future should put upon the covenant a meaning which the Senate of the United States now believes they would have no right to put upon that covenant. In other words, we can meet the moral aspect by an independent resolution passed on the same day, without interfering with the ratification of this agreement, free from amendment or reservation.

I am in favor of ratifying it without amendment and without reservation, and I do not think it is even necessary to have a resolution such as I have described, although for those who are timid and fearful of a moral responsibility to nations in the future they can reconcile themselves to themselves and to the world by taking that course.

The league of nations—

First. Will prevent future war.

Second. Will establish world peace.

Third. Will promote international law and international understanding and international morality.

Fourth. Will promote international industry, commerce, and finance.

Fifth. Will promote higher conceptions of liberty and justice and humanity.

Sixth. Will save the enormous expenditures and waste in life and property of preparation for war and of war.

Seventh. The economic penalties of the present covenant are sufficient to prevent war without the use of international police; the international police being in existence does not imply and probably would not require its employment, except on very rare occasions.

Eighth. It will promote democracy throughout the world, the rule of the people, and make the Government responsible to the need, the welfare, the health, the happiness, the prosperity of the people.

Ninth. It will make international agreements relative to finance, commerce, and industry easier of accomplishment.

Tenth. It will give a new dignity to human life and exalt it above the conception of mere property, so that property would be considered as secondary to human life.

Eleventh. It will mean the freedom of the seas and freedom of international waterways, and a new birth of freedom throughout the whole world.

Twelfth. It will promote genuine democracy and end Bolshevism.

Thirteenth. It will stop civil wars that are now raging in certain demoralized portions of the world.

Fourteenth. It will promote the better interests of those who labor throughout the world, of those who create values and give them a larger part of the values which they create.

Fifteenth. It will put an end to dynastic ambition and to military atrocity forever.

Sixteenth. It will end the rule of the few over the many and establish the rule of the majority for the happiness of the majority and of the minority as well.

Seventeenth. It will not impair the internal sovereignty of any nation.

Eighteenth. It will abate racial and class prejudices.

The future success of the league is forecast by the success of the British Empire, by the success of the Government of the United States with its 48 sovereignties, living in peace and in the most abounding prosperity the world has ever known, for the very reason that they have complete cooperation instead of selfish conflict one with another.

The rules of international law are simple and few and impersonal, and can be adopted by unanimous agreement of the representatives of the nations.

SHANTUNG.

A tremendous outcry has been made over Shantung by the opponents of the treaty of peace with Germany.

The treaty, in articles 156 to 158, turns over to Japan the rights which Germany had under the treaty of March 6, 1898.

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By this treaty with Germany China retained sovereignty over the Shantung Peninsula, giving Germany, however, certain railroad and mining rights therein and leased for 99 years to Germany a special tract which only involved 208 square miles of land and 200 square miles of water at Kiaochow, the total being less than 1 per cent of the Shantung Peninsula, which has 55,984 square miles. The population of the leased area where Germany was permitted to exercise sovereignty involved about 200,000 people.

When the war of 1914 arose, Germany, with the port facilities on the Chinese coast, was in a position to destroy the transports bringing troops from New Zealand and Australia.

Japan, on the invitation of the Allies, having entered the war in 1914, took the German concession by military force, broke up the port which the German ships had, and cleared the Pacific Ocean of German ships, giving a free right of way to the British transports.

On May 25, 1915, at Peking, Japan made a treaty with China by which the Chinese Government agreed to recognize any adjustment made between the Japanese Government and the German Government as to Kiaochow, but with the understanding, reduced to writing, at the same time and place, to wit:

PEKING, May 25, 1915.

That the land and concessions and rights of sovereignty leased or ceded to Germany should be returned by Japan to China upon the conclusion of the present war upon the condition of opening the Kiaochow as a commercial port, permitting a Japanese settlement there and an international settlement, and that suitable arrangements should be made for the disposal of the German public establishments and properties.

This was excellently well set forth by Senator ROBINSON in July 24, 1919, CONGRESSIONAL RECORD, page 3264. Various Japanese authorities have recently referred to this obligation of Japan, which will undoubtedly be carried out in perfectly good faith.

Viscount Uchida, minister of foreign affairs of Japan, in his address of January 21, 1919, confirmed this understanding, as did Baron Goto, former minister of foreign affairs of Japan, in a statement made in New York May 6, 1919. The Associated Press report from Paris of April 30, 1919, is of like effect. Baron Makino confirmed this pledge on April 30, 1919.

Japan is a wonderful nation. It is a great nation, and is entitled to the respect of all the world, especially of the great Allies with whom Japan joined forces for the defense of civilization and righteousness.

It has not been possible for Japan to carry out the arrangement with China up to this date for the obvious reason that the treaty concluding the war between Germany and Japan has not yet been presented to Japan.

It is to be profoundly regretted that Senators occupying such high responsibility on such an occasion, where the welfare of the whole world is in the balance, should speak words reflecting upon a great and friendly nation, whose fidelity has been so serviceable and whose right to our confidence and trust has been abundantly established in the history of recent years.

I have every respect and confidence in Japan and have not the slightest doubt that Japan will carry out in good faith her agree-

ment with China, and it is the orderly way to settle the Shantung matter by providing that Germany shall make a formal relinquishment to Japan, which conquered it, in order that Japan may herself, having cleared the title of German claims, transfer these lands and sovereignty back to China, as Japan agreed to do.

INVADING OUR SOVEREIGNTY.

Some of the hostile critics of the covenant insist that our sovereignty would be invaded by the provisions of the covenant; that the assembly or the council would pass laws authorizing the Japanese or Chinese to immigrate into the United States. This whimsical conceit has nothing to justify it. The league of nations does not contemplate dealing with anything except international questions, and does not contemplate dealing with intranational questions. None of the member nations contemplate giving up their sovereignty. None of them had such a conception. The only way a decision could be arrived at under the covenant, even on such questions, is by unanimous vote (art. 5). It is grossly unreasonable to argue that 45 nations would unanimously vote a precedent to invade their own sovereignty, and no reasonable man believes it or can believe it if he is capable of logical, consecutive thought.

Moreover, Mr. President, the sovereignty of the people of the United States as vested in the people of the United States, is inalienable, indestructible, and incapable of invasion. The Congress of the United States can not invade the sovereignty of the people of the United States. It might commit political suicide and be kicked out of office. But one Congress can not bind a succeeding Congress, for the very reason that the sovereignty is vested in the people, and they change their servants at will, and they can, by an act of Congress, repeal any treaty the Senate can pass if the Senate should pass a treaty that was unacceptable to the American people.

I shall not criticize the rhetoric or the verbiage of the covenant. This covenant is wise. It is thoughtfully drawn. In its substance it is splendid. In its purpose it is glorious.

A perfect contract between scoundrels is worthless. An imperfect contract between trustworthy friends, who have fought and bled together in a common love of justice and liberty, is of very great value.

Are we justified in trusting the British people to faithfully and justly interpret this covenant? Did not that first wonderfully heroic army of British die almost to the last man in Flanders defending liberty and justice against the armed Hun? Did not the British sailors and men of war and destroyers ride through the misty darkness of the North Sea for five years, day and night, in storming seas defending the world against Teutonic aggression? Have they not shown themselves for a century our faithful friends?

It was Canning, the prime minister of England, in 1822, who served notice on the Holy Alliance that the British Government would not stand for the invasion of the liberties of the struggling Republics on the Western Hemisphere. It was through Canning and the influence of the British Government that Monroe was informed and encouraged to send his great message to Congress establishing the Monroe doctrine.

Shall we be afraid of France and refuse to trust France? Did they not, when this Republic was struggling for its liberties in the beginning come with all the force they had and all that we required to establish our liberties upon this continent? Did they not cede to us a mighty continent in the Louisiana Purchase? And have they not been faithful to the uttermost in defending civilization against the Teutonic allies?

Shall we doubt Italy? The Italian people have shown themselves to be glorious in war and magnificent in peace. When Paris was about to be struck down by the advancing field-gray troops of Germany, coming like swarms of locusts down upon the Marne, it was Italy that told the French statesman, "You need not guard the borders between France and Italy. Italy will not stand by Germany in a war of aggression." Italy made a treaty with Germany and Austria, a defensive alliance, against aggression on Germany and Austria, but not by Germany and Austria on undefended borders of others or any unprovoked assault upon their neighbors. Shall we question Italy when the Italians by tens of thousands and hundreds of thousands died for a common cause with us?

An agreement between scoundrels is worthless, no matter how well drawn. An agreement between these great nations who have common ideals and common purposes is worth while. It is a great step forward, no matter how awkwardly, how immaturity, how poorly drawn. The language and the rhetoric might be finer perhaps, but the purpose is there, the substance is there, and the covenant deserves the support of the American people.

Some of the critics of the league of nations complain it is not strong enough. I deny it. It is as strong as need be.

THE LEAGUE PROVIDES ABUNDANT FORCE.

The league provides a world-wide boycott, a world-wide blockade—commercial and financial—by land and by sea, and cuts off the citizens of any outlaw nation from communication with any other part of the world. This is the most gigantic penalty ever proposed in history.

The effect of the war with Germany was to destroy the value of the bonds issued by her and her allies, and reduce such bonds to the level of waste paper. This will serve to be a sound warning to the citizens of any future proposed aggressor nation that they can not afford to finance a war against the world with an overwhelming prospect of complete loss of every dollar invested in such a nefarious enterprise.

While it is impossible to think of a force much greater than a world-wide blockade and boycott against an outlaw nation, still the league goes further and provides that armed forces of all the nations of the world can be summoned, in addition to world-wide blockade and boycott, to reduce the outlaw nation to subjugation, to peace, and to recognition of international duties and international justice.

Moreover, it is to be assumed that since democracy had its modern birth, with the printing press and the French Revolution, and has grown like the green bay tree in the last 100 years until it has assumed to establish this covenant of a world-wide league for the purpose of protecting itself, there is no possibil-

ity of any nation in the world having the temerity to assail a democratic world and to put itself in the attitude of an outlaw nation.

There is not the slightest danger of Japan doing so, and if she did the powers visible at her very doors could be used to restrain Japan from any unlawful aggression against the peace of the world or of any of the other nations of the league.

The force is sufficient to safeguard the peace of the world, and far-seeing men will realize the gigantic character of the force which can be summoned through this league for the protection of mankind.

The league will safeguard the peace of the world, as well as our own. It will end war. It will not interfere with our sovereignty. It is the blessing of God descended on earth.

Mr. President, we are entering upon a thousand years of peace; into an era of great world prosperity; into an era where the productive capacity of man is being multiplied in a very wonderful way so that within the generation the time will come when every man, every industrious man, will be able to supply himself and his family with shelter, with clothing, with abundant good food, and be afforded an opportunity for education and for leisure to enjoy the providence of nature. Let us be devoutly thankful for the opportunity to bind the world together in bonds of amity and peace.

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THE LEAGUE OF NATIONS

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

AUGUST 30, 1919

Replying to the Speech of
Hon. Henry Cabot Lodge
of Massachusetts of
August 12, 1919



WASHINGTON
1919

135555—19825

THE LEAGUE OF NATIONS

SPEECH

HON. ROBERT L. OWEN

OF OKLAHOMA



SENATE OF THE UNITED STATES

AUGUST 20, 1919

Reading to the Senate of
Hon. Henry Cabot Lodge
of Massachusetts
August 12, 1919



WASHINGTON
1919

SPEECH
OF
HON. ROBERT L. OWEN,

THE LEAGUE OF NATIONS.

Mr. OWEN. Mr. President, on Tuesday, August 12 last, the honorable Senator from Massachusetts [Mr. LODGE], chairman of the Committee on Foreign Relations of the United States Senate, and the chosen leader of the majority party in this Chamber, delivered a very carefully prepared argument against the league of nations. The Senator from Massachusetts is recognized as a learned scholar and a very studious historian, and an argument which he delivers after the debate has proceeded for months may fairly be regarded as the ablest possible presentation of the case against the league of nations. If this argument can not stand an analysis, the case of the opposition to the covenant falls to the ground.

The honorable Senator lays down the first proposition:

That mankind from generation to generation is constantly repeating itself.

And says:

We have an excellent illustration of this fact in the proposed experiment now before us of making arrangements to secure the permanent peace of the world.

Thereupon he calls attention to the alluring promises made in the treaty of Paris of November 20, 1815, and the high purposes alleged in the treaty of the Holy Alliance, and shows historically that wars followed and not peace. He argued by necessary inference that these promises of peace and assurance of high purposes did not produce peace but war, and therefore that the declaration of purposes found in the present covenant of the league of nations would naturally be followed by war, because "mankind repeats itself."

The Senator quotes in derision the preamble to the covenant, and says:

Turn to the preamble of the covenant of the league of nations, now before us, which states the object of the league. It is formed—

"In order to promote international cooperation, to achieve international peace and security by the acceptance of obligations not to resort to war, by the prescription of open, just, and honorable relations between nations, by the firm establishment of the understandings of international laws as the actual rule of conduct among governments and by the maintenance of justice and a scrupulous respect for all treaty obligations in the dealings of organized peoples with one another."

The Senator then said:

No one would contest the loftiness or the benevolence of these purposes. *Brave words, indeed. They do not differ essentially from the preamble of the treaty of Paris (1815), from which spring the Holy Alliance.*

In other words, Mr. President, the promises made by the treaty of the Holy Alliance having led to war, these promises will also lead to war, because "mankind repeats itself."

The obvious fallacy of this argument is that the *alleged* "purposes" of the Holy Alliance had nothing to do with the consequences which ensued from that alliance. War did not result from the virtuous promises made to the people by the Holy Alliance. The Holy Alliance made willfully, deceitful, and false promises of brotherly love and peace in order to deceive the people of Russia, Prussia, and Austria, and thus prevent them from going into a revolution as the people had done in France under like conditions of tyranny and brute military power. The fact that wars followed the treaty of the Holy Alliance was because this treaty was between military dynasties, made by monarchical autocracies, each controlled by intrigue, by rival armaments, and by ambitious secret purposes. They were lined up against other similar governments at that time not greatly in advance of them in structure of government or in conception of liberty and popular rights. England, however, was becoming steadily more democratic, and soon withdrew from the treaty of Paris. France ultimately withdrew from the Holy Alliance. The cause of war was wrapped up in the treaty of the Holy Alliance of Russia, Austria, and Prussia because of their then several secret, dynastic, military ambitions. There was during that period no available or possible provision in the world providing for conciliation and arbitration in the settlement of international disputes. There was no means of promoting progressive disarmament, and the ambitions and the lust for power, unrestrained by law, unavoidably led to war as a necessary consequence. There was no adequate restraining power in all the world and no forum where the organized opinion and power of mankind could make itself effective for peace as there is available now.

The Senator from Massachusetts has shown himself unable to discriminate between the unavoidable consequence of war of governments based on tyranny and brute force, such as Russia, Prussia, and Austria, Bulgaria, and Turkey, and the consequences favorable to peace of governments based on the consent of the governed, on justice and liberty, such as the United States and Canada, the South American Republics, Australia, Great Britain, France, Belgium, and Italy. Such blind leadership might easily prove to be a national calamity.

The Senator from Massachusetts has failed to discover what every student of history ought to know, who has a discerning mind and an intelligent comprehension, that the instability and wars of military dynasties had an adequate cause, and that these causes rest in the "Rule of the Few" moved by intrigue, by gross human selfishness, by ambition and lust for the property of other people, leading them to develop great armies nominally for defense, but always secretly for offense, so well described by Von Bernhardi, in his description of the Hohenzollers and of Frederick II. Everybody seems to know this except the Senator from Massachusetts. The stability of Republics and their power for peace is not based on preambles nor lofty promises of high purposes, as the Senator from Massachusetts seems to think. They are based upon sound principles affecting the structure of government, which go to guarantee justice and liberty and humanity and the organized righteous self-government of the people. These are the principles which guarantee stability. These are the principles which not only promise but will make sure the peace of the world.

The Senator loosely argues that since "mankind repeats itself," and since the Holy Alliance made virtuous "promises" and war followed, therefore that the virtuous promises of the present covenant of a league of free nations can mean nothing but war. The Senator argues from the false premise that the promises of the autocrats of the Holy Alliance were sincere. They were not sincere. They were wickedly false. I wondered, when the learned Senator was quoting the treaty of the Holy Alliance with its virtuous "promises," that he did not also quote the secret amendments to the treaty of the Holy Alliance of 1822, which disclose the infinitely wicked deceit of these promises—the secret treaty of Verona, in which the "holy alliance of liars" pledged their undying hostility to the democracies of the world and the freedom of the press. Since the Senator thinks it was the virtuous "promises" of the Holy Alliance that led to war, let me call his attention to their pledge to destroy the democracies of the world, and he will see, I trust, an abundant cause for war necessarily involved in the treaty of the Holy Alliance with its secret amendments at Verona, not because of their virtuous promises but in spite of them. Their secret purpose was war.

Listen to the philosophy and historical admonition of the secret treaty of Verona:

"The undersigned, specially authorized to make some additions to the treaty of the Holy Alliance, after having exchanged their respective credentials, have agreed as follows:

"Article 1. The high contracting powers being convinced that the system of representative government is equally as incompatible with the monarchical principles as the maxim of the sovereignty of the people with the Divine right, engage mutually, in the most solemn manner, to use all their efforts to put an end to the system of representative governments, in whatever country it may exist in Europe, and to prevent its being introduced in those countries where it is not yet known.

You can only put an end to a government by war.

"Art. 2. As it can not be doubted that the liberty of the press is the most powerful means used by the pretended supporters of the rights of nations to the detriment of those of princes, the high contracting parties promise reciprocally to adopt all proper measures to suppress it, not only in their own States but also in the rest of Europe." (Vol. 53, pt. 7, p. 6781, 64th Cong., 1st sess., Apr. 25, 1916.)

The King of Prussia and the Emperor of Austria were the real autocratic monarchs behind this deadly compact to destroy the democracies of the world and establish "world power" for themselves and their allies as the military autocrats of mankind.

Here these military autocrats, who had offered themselves to the people of Europe as the servants of Christ and the guardians of the peace of Europe, were, in fact, secretly pledging themselves to murder unoffending people of other lands who had the temerity to believe in representative government and in the liberty of a free press. They instantly made war on the unoffending Spanish and Portuguese people and the innocent Italian people, and put them all under absolute monarchies, and would have done the same thing to the South

American Republics but for Great Britain and the Monroe message.

Does the Senator from Massachusetts really believe that it was the virtuous "promises" of the Holy Alliance that led to war, or the "secret" purposes and ambitions of these military monarchical despots who were secretly plotting to rule the world by brute force? There is a vast difference, Mr. President, between the promises of an honest man or an honest government, of sincere well-meaning democracies, and the promises of trained liars, murderers, and self-seeking despots. And I feel fully justified in describing the Hohenzollerns and the Hapsburgs and the Romanoffs in these plain terms.

The Senator from Massachusetts believes that the promises of these royal scoundrels may be justly compared with the promises and aspirations of the honest organized democracies of the whole world, basing an alliance not upon their pretenses of justice and liberty, but upon the demonstrated fact that they are truly willing to die for liberty and justice.

The Senator from Massachusetts really believes in the rule of the representatives of the people over the people in the rule of the few over the many. He would draw a wide distinction between "representative" government and government "by the people." He does not believe that the people of a State have a right to instruct or control their elected Representatives or to initiate and pass the laws that they want or to veto laws they do not want. *He thinks that for the people to express their opinion upon a public question is dangerous to the principle of constitutional government.*

Am I hasty in making this charge against the leader of the Republican Party in the Senate? I most certainly am not. The Senator from Massachusetts may have forgotten, but I have not forgotten, his famous speech in Boston on September 15, 1907, for I had been but two days in the Senate when, on December 18, 1907, Senator Hale, of Maine, had printed 20,000 copies of this famous speech of the Senator from Massachusetts as Senate Document 114, Sixtieth Congress, first session. This speech was delivered in opposition to a bill then pending in the Massachusetts Legislature known as the "Public-opinion bill." The "Public-opinion bill" proposed to permit the people of Massachusetts the astounding liberty of expressing their opinion upon a public measure—but not exceeding four measures in any one year. This bill Senator Lodge violently opposed on the ground that it would overthrow the constitution of Massachusetts and destroy representative government. I shall not challenge the Senator's integrity of mind or his integrity of purpose in making this speech. I shall assume that he honestly believed that the opinion of the people was dangerous to constitutional government. In all events, this was his argument.

Twenty thousand copies of his speech were sent into Maine in order to defeat a campaign then pending for the initiative and referendum in that State.

The Senator said in criticizing the public-opinion bill that it—*would mean nothing less than a complete revolution in the fabric of our Government and in the fundamental principles upon which the Government rests.*

That it—*would undermine and ultimately break down the representative principles in our political and governmental system.*

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With the assistance of Kingsbury B. Piper, secretary of the State Referendum League of Maine, I prepared and had printed as a memorial to Congress the answer of the State Referendum League of Maine to the Senator from Massachusetts (Senate Document 521, 60th Cong., 1st sess.). I caused 20,000 copies to be printed and I franked them to Maine, and when the people of Maine came to pass upon the validity of the argument of the Senator from Massachusetts that *the people should have no right to express their opinions on public questions*, either by public-opinion statute or by the initiative and referendum, they decided against the argument of the learned Senator from Massachusetts, and the honorable Senator from Maine who circulated the famous Boston speech against the public-opinion bill did not find it desirable to stand for reelection.

In the State of Massachusetts, in the last election, when the people were selecting their delegates to a constitutional congress there was a campaign in behalf of the initiative and referendum. I had prepared by the National Popular Government League, by Judson King, secretary, an argument for this great measure of popular government, and caused it to be printed as Senate Document 763, Sixty-fourth Congress, second session, which was used in the Massachusetts campaign in favor of the initiative and referendum. An overwhelming majority of the delegates who had favored it were elected, and even the president of Harvard, who opposed it, was defeated. Senator Weeks opposed it, and he was defeated, and Senator WALSH, who favored it, was elected, and is now present in the Senate.

I commend the judgment of the people of Maine and Massachusetts to the considerate judgment of the honorable Senator from Massachusetts. His leadership against popular government has failed both in Maine and in the great Commonwealth of Massachusetts.

The Senator from Massachusetts does not believe in the wisdom of the people. He does not believe that the people have the intelligence to initiate laws they do want or to veto laws they do not want, and therefore he does not have any great degree of confidence in the stability of a league of the great democracies of the world or their ability to make sure their own peace. He looks upon them with less confidence than he did upon the military autocracies that framed the treaty of the Holy Alliance, for the Senator favored a league in 1915 when the autocracies were in full flower.

I am devoutly thankful that there are hundreds of thousands and millions of Republicans in the United States who do not agree with the Senator from Massachusetts in this view, and that there are on this floor splendid Republican Senators who do believe in popular government and in the right of the people to govern and who have confidence in democracies.

And I pause to say, Mr. President, that those who believe in popular government are deeply desirous of having passed through the Senate a thoroughgoing corrupt-practices act, and I appeal to the Senator from Massachusetts to give his support to such a bill in order that the "representative system" of selecting Senators and Congressmen may not be perverted by the corrupt and sinister influences that by money and fraud are able unduly to influence the nomination and election of Congressmen

and Senators. For six years the Progressive Senators on this floor have been trying to get a thoroughgoing corrupt-practices act, but have not been able as yet to do so. Why? I will leave to those who opposed it and to those who do not favor it and to those who secretly throw the weight of their influence against it to answer that question before the end of the next session of Congress.

The Senator's whole argument is based upon his inability to perceive the difference between the relative trustworthiness of democracies and autocracies, and in his violent assaults upon the league he tries to show that we ought to have no league of nations at all. He goes so far as to denounce the banner of the proposed league of nations of the free nations of the earth, of our wonderful Allies, of our heroic Allies, who died for liberty and justice and civilization as a "mongrel" banner, and he attaches to the league of nations the unmerited stigma of "Bolshevism" as illustrating wicked "internationalism" as contrasted with his own admirable "Americanism."

Mr. President, all good Americans believe in Americanism in its highest and purest and truest meaning.

Mr. President, a man can be a good citizen of a town, of a county, of a state, of a nation, and of a world without inconsistency. He can love his home and be utterly devoted to his own nation, and be a glorious American, and yet be generously disposed and favor international justice and liberty and good neighborhood, and the means of attaining them.

The galleries always applaud when a Senator strikes an oratorical pose and thunders forth his sturdy Americanism, and the Senator from Massachusetts did not fail to strike this popular chord. The Senator gloriously said:

Call me selfish if you will, conservative, or reactionary; but an American I have remained all my life. I can never be anything else but an American, and I must think of the United States first.

Fine! This is magnificent. The galleries bursted with applause, but, Mr. President, in June, 1915, at Union College, the Senator was still an American whether "selfish, conservative, or reactionary," and he told the world then in language clear and forceful—and I use his own words—that—

Nations must unite as men unite to preserve peace and order.

He stated that nations must be so united as to be able to say to any single country—

You must not go to war.

Fine! This is splendid, but a flat contradiction of his present attitude that nations must *not* unite to preserve peace and order; that they must *not* be so united as to say to any single country "You must not go to war."

The Senator's Americanism at Union College did not prevent his making an earnest argument in favor of a league of nations, and when he made the argument in favor of a league at Union College it was fine Americanism. It was fine Americanism when Theodore Roosevelt made the same argument in receiving the Nobel prize at Christiania in 1910. President Taft shows his fine Americanism when he loves America and loves his fellow men throughout the world and stands for a program of assured peace through the honest cooperation of all the great democracies of earth.

It is fine Americanism when the Senator from North Dakota [Mr. McCUMBER] and other patriotic Republicans and Democrats stand on this floor and urge a league of free nations.

The Senator from Massachusetts must not attempt to monopolize Americanism, for selfishness or partisanship in foreign affairs does not describe Americanism.

When Germany and Austria and Bulgaria and Turkey, the great military dynasties, were at the height of their power the Senator from Massachusetts argued in favor of nations uniting to prevent war. He was willing to admit military dynasties to a league of nations to prevent war, but now that the military dynasties have been humbled to the dust, now that brute force based on the doctrine that might makes right has been utterly overthrown by the honest peace-loving democracies of the world, the Senator rises up as the chief opponent of what he himself generously argued as a good American in 1915.

Mr. President, am I going too far if I appeal from "Philip drunk to Philip sober"?

The one great gigantic fact of all history has occurred to assure and make possible the future peace of the world and to make it comparatively easy to establish peace, and that is the overthrow of arbitrary power, the overthrow of the Hohenzollerns, the Hapsburgs, the Romanoff and their brood of princes, grand dukes, et id omne genus, and the establishment of the great doctrines of liberty, justice, and self-government and the establishment of the overwhelming power of the democracies of the world.

The Senator from Massachusetts fails to recognize the one great event which makes this war the most notable war of all history and which alone opens wide the door to permanent world peace.

The Senator from Massachusetts having argued that it was un-American to recognize this "mongrel" flag of the free nations of earth, proceeds, absurdly enough, to argue that he and his colleagues will accept the "mongrel" flag and all its evils provided reservations be inserted in the ratification, which do not really change the meaning of it, but would prevent any friendly ally in the future from changing the meaning of it.

The Senator does not recognize any difference between the *legal and moral* obligations of the league. He says treaty obligations are merely moral obligations, and with this view I am in entire accord. But, Mr. President, an interpretative resolution separate from the resolution of ratification of the treaty interpreting the meaning of the covenant would protect the United States from the possibility of any future charge of moral delinquency by any nation on earth, and prevent any nations, friendly or otherwise, from charging that the United States refused to do what it agreed to do. The only difference between the effect of a resolution separate and apart as an interpretation and an amendment or reservation in the face of the ratifying resolution is, that the latter would require the action of all other nations, might produce serious confusion, would certainly postpone final action for some months at a time when prompt action in declaring peace is of the highest importance, while a resolution of interpretation would avoid these obvious objections. There is one possible *partisan* advantage in putting amend-

ments and reservations on the proposed league. It might to that extent discredit with some of our own people and with those of foreign countries the President of the United States and the members of the peace conference who represented the United States at Paris.

Is it un-American if I should feel unwilling to discredit our representatives, either at home or abroad, unnecessarily? The delay in ratifying the peace treaty is paralyzing our export trade. Our favorable balance of trade fell off \$400,000,000 in the month of July in 31 days. Our foreign-exchange market has gone into complete demoralization awaiting the determination of the conditions of peace.

We hear no proposal from Great Britain or France or Italy or Belgium or Japan for putting amendments into this proposed league. They do not have any fear that the friendly nations of the earth, based on self-government, liberty, and justice will misinterpret the covenant to their disadvantage. None of them have imagined that they were relinquishing their rights of self-government or subjecting themselves to the coercion of a league of foreign nations. On the contrary, they wrote into the league section 10, for the protection of the territorial integrity and existing political independence of every nation. This covenant was drawn up by the ablest men in the world—if the Senator from Massachusetts will pardon the apparent neglect—chosen men representing all of the great nations. It was subjected to the closest scrutiny. It carries out and makes possible the aspirations of The Hague conventions with the addition of methods for conciliation and arbitration and disarmament and means for protecting the territorial integrity and existing political independence of nations by boycott, blockade, and even armed force, which will assuredly rarely, if by any possibility ever, be necessary.

This should not be made a partisan question. The Senator from Massachusetts taught me the sound doctrine in one of the great maxims of the United States Senate, which has been honored for a hundred years, and that is—

Party lines cease at tide water.

Is it un-American if I appeal to the honorable Senator to sustain this venerable and worthy maxim of the Senate? Why does he, before the treaty arrives, sign his round robin? Why does he marshal his political followers as far as he can in hostility to the aspirations of mankind? The world is weary, utterly weary, of war. The industries, the commerce of the whole world have been profoundly shaken by the gigantic destruction and waste of this war.

The cost of living because of this Great War has become painful and irksome to the people of the whole world. It is of the most urgent importance that we get back to the basis of peace, in order that we may address ourselves to solving the problem of the high cost of living in this country, which is greatly perplexing to the Congress as well as the people at home.

The unhappy people of Europe are struggling to reestablish themselves. Millions of men, women, and children have died in this great struggle to establish on earth human liberty and the right of the people of the earth to self-government. Side by side in the hills and in the valleys of France lie thousands of our beloved sons with the cherished youth of Great Britain,

Belgium, France, Italy, and of our other allies. They died in a war whose great purpose was to overthrow arbitrary power, to establish government upon a sound basis of the consent of the governed, to establish forever "Peace on earth, good will toward men." Surely it is not un-American that we should desire that their infinite sacrifice should not be in vain. Honest democracies do not want war, nor the cost of war, nor to have their children die in battle. The people who pay the cost of the war, who send their sons to die upon the battlefield, who pay the taxes of war, and control democracies will not permit war that can possibly be avoided.

Perhaps without a league the future peace of the world might be accomplished, but a league of free nations of the earth, established with the power to say to outlaw nations "You must not go to war," as the Senator from Massachusetts so finely argued in June, 1915, at Union College, will secure and make certain the ends for which the youth of the world was sent to the battle fields to die.

May I not be permitted to appeal to the better Americanism of the Senator from Massachusetts not to throw himself across the path of human progress and world peace? He is not (as he thinks) waging a war against Woodrow Wilson; he is waging a war against the desires and the hopes of all mankind.

We have joined the sons of France, Great Britain, and Italy and our other great allies in breaking down the military autocracies of Europe. Are we not in honor bound to stand by our allies until the new governments, the new democracies of Europe, are established and made stable by the stabilizing force of the organized powers of mankind that league to preserve peace?

Shall we scuttle like cowards and cravens from the wounded peoples of Europe before the nations born of this war can balance themselves and be at peace and a blessing to themselves and to the world when with the league of the great democracies we can easily assure them stability and peace?

Is it un-American to carry out our implied obligations to Europe?

Mr. President, the honorable Senator from Massachusetts interprets article 10 to mean that the council in *advising* the means to be employed to preserve the territorial integrity and the existing political independence of member nations will be authorized to send American troops to the ends of the earth in every petty quarrel that might arise anywhere in the world.

The Senator urges that we would have a "moral" obligation to take the advice, and the "moral" obligation being as strong as a legal obligation we would be obliged to obey or be guilty of a breach of our moral obligations, a thing absolutely inconceivable to the austere Senator from Massachusetts.

The Senator greatly enlarges upon this great, unhappy thought and in his imagination he sees our soldiers sent into central Arabia to protect the Sultan of Hejaz under the irresistible advice of the council.

Mr. President, with the establishment of a league of nations, with the great democracies of the world in honest cooperation, there are many provisions which will prevent war or the need of soldiers.

For example:

Every means possible for conciliation.

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Every means for arbitration, and at last if a nation be determined to be an outlaw nation in violation of the organized opinion of mankind, and then invades the territorial integrity of a member nation and its existing political independence, there is a penalty so gigantic that no nation would dare to face it. That is, a world boycott, a complete separation of that outlaw nation and of its nationals from any commercial, financial, postal, telegraphic, or any other means of communication with the citizens of other nations.

No nation could stand this. But this is not all. It is only on the extremely remote if not impossible contingency that this would not suffice to restore an outlaw nation to sanity, then and then only would it be necessary for the council to "advise" means of military and naval coercion.

It is to be assumed by men of common sense and common honesty that the council in such a remote contingency would give sensible and honest advice and that the great, honest, peace-loving democracies of the earth would act in good faith in regard to the advice.

If in the extremely remote contingency which might thus arise the still more unlikely occurrence should take place that the advice should prove foolish or tyrannical, no nation would be compelled as a "moral" obligation to observe idiotic advice.

The Senator from Massachusetts is unduly alarmed. He is seeing ghosts which do not exist.

Article 10, pledging every member nation its territorial integrity and existing political independence, is vital to the peace of the world, and under no circumstances should this assurance be removed from the treaty or modified.

The Senator finds an insuperable difficulty in article 15 because it provides that any dispute may be submitted to the council, and the council might submit it to the assembly, and the assembly might make a "report" unfavorable to the United States, and the dispute might be on the question of immigration with Japan. Terrible! The answer is, first, that no such dispute could arise, because it would be an invasion of our existing political independence and territorial integrity, and, second, if it did arise, in spite of the article 10, in spite of the preamble to the treaty, and the council did not throw it out of court because it was "solely within the domestic jurisdiction" of the United States, and, finally, if the entire assembly made a report against the United States, nothing would follow, because nothing could follow under article 15, except *that Japan might wage a war, and she can do that now*. Nothing would follow, because there is nothing in the treaty to compel the enforcement of the opinion or report of the assembly in that particular.

It is left to the parties unable to settle their controversy under the report then to resort to war, in which the world will take no part except conciliation, world opinion, and world influence. The report is not made enforceable by article 15. Such a report is only of the same force as a report by the council, wherein the members agree not to go to war against a member who complies with the recommendations of the report. If the council fails to reach a unanimous report the members reserve liberty of action.

We would not be any worse off if the three times impossible should happen, as imagined by the Senator, for Japan could

make war on us now if Japan wished to do so. Besides that, we could withdraw from the league of nations if we did not like the administration of it. There is not the slightest possibility, however; that any nation will ever withdraw from this league once it has entered into it, because this league will work to perfection, giving a forum, a meeting place, where the nations of the world can come together and use there the common sense and common honesty of the human race, and that will be found sufficient.

The Senator is seeing ghosts, which were not visible at Union College. The Senator declares that if other nations are willing to subject themselves to the *domination* of a league, he will never, never consent for the United States to be *dominated* by the league.

The Senator need not trouble himself. Other nations are not willing to subject themselves to the *domination* of a league, but enter into the league for the purpose of protecting themselves against the *domination* of outlaw military tribes or nations who are not yet sufficiently advanced in civilization to appreciate the blessings of liberty and justice and self-government.

The Senator is very much frightened about the Monroe doctrine, and it is extremely difficult for me to believe in the sincerity of those who argue the Monroe doctrine will be weakened by the proposed covenant which explicitly recognizes it and implicitly confirms it by every principle of the proposed covenant.

The Senator is terribly afraid that we can not withdraw, because he thinks that we could not withdraw *except by unanimous vote*, that all our international obligations and all obligations under the covenant had been fulfilled. It never crossed the mind of any honest man who had part in framing this league covenant that any member could be refused the right to withdraw on any such ground. Such an interpretation is not only contradicted by the President of the United States but is absurd. Of course, a nation in withdrawing should withdraw and discharge its obligations at the same time. But the Senator proves too much. He discovers that it requires *unanimous* action to withdraw.

If it were an *affirmative action of the league* (which it is not) it might be true—for an affirmative action of the league does require *unanimous* consent—but this discovery entirely destroys the long argument which the Senator makes about the league dominating the United States, interfering with immigration, tariffs, and so forth, as no one is stupid enough to contend a *unanimous* vote of the assembly to deal unjustly with any nation is possible.

The Senator greatly enlarges upon the United States meddling in the internal affairs of the nations of Europe. There is nothing in the league of nations which justifies this notion of the Senator from Massachusetts. On the contrary, the 10th article prevents any interference with the existing political independence of the nations. It was necessary, in setting up the new Governments of Europe, made up out of the heretofore subject peoples of Austria and Germany, to provide the means by which they should be established, including Turkey and Bulgaria; but beyond this the treaty does not go, and in this the covenant of the league takes no part.

Mr. President, I favor the liberty and freedom of all peoples sufficiently advanced to govern themselves or under mandatories where backward and not yet qualified. I wish to see Ireland free and the Philippines. I wish to see Egypt and Porto Rico free; I wish to see India and Korea free to govern themselves, and given honest, faithful help to accomplish this end in safety and peace.

The members of the league, article 23 (b), "undertake to secure just treatment of the native inhabitants of territories under their control."

What is the just treatment referred to? It can be nothing less than liberty, freedom, and self-government, such as was involved in the proposals of President Wilson as a basis of the armistice, and which was accepted by all our great allies.

We set the example in Cuba, we are following it in the Philippines, we must perfect it in Porto Rico, and we must use our influence in having this element of justice carried out throughout the world undeterred by commercial or industrial selfishness.

Mr. President, the league of nations in this covenant is a league between the great, honest, peace-loving democracies and free nations of the whole earth.

Its moral influence for peace and good will toward men is the greatest power ever invoked for the peace, the happiness, the prosperity of mankind. It not only proposes peace; it provides the most abundant means and mechanism by which to accomplish it. It provides the completest means for the conciliation of disputes and the settlement of controversies by arbitration.

It provides for disarmament and the reduction of the military and naval forces of mankind down to police purposes.

It puts an end to military dynasties. It establishes the great principles of liberty, justice, and the self-government of the people of the whole world.

On such principles it safeguards the backward peoples of the world and provides a means for leading them forward to civilization without exploitation.

It provides for the protection and preservation of the territorial integrity and existing political independence of every nation.

It provides the means to enforce the rights of member nations against aggression.

It establishes in the council and in the assembly a meeting place where all the nations of the world may in one chamber communicate with each other freely and openly.

It puts an end to secret treaties and political intrigue and military dynasties and the doctrine of divine right and the doctrine that might makes right and establishes on earth the rule of conscience, the rule of morality, the rule of international decency and justice and good neighborhood. It is not a mere peace of idealism based on a rosy dream. It is a real living, vital force, born on the battle field out of the blood of all of the nations of earth. The world will not go back. It is moving forward under the leadership of God and the everlasting doctrines of Christ. Let the Senator from Massachusetts beware of throwing himself across the path of the righteous judgment of mankind.

The Peace Treaty and League of Nations
A PLEA FOR RATIFICATION

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

MARCH 9, 1920



WASHINGTON
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1920

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SPEECH
OF
HON. ROBERT L. OWEN.

Mr. OWEN. Mr. President, I am in favor of passing the treaty immediately and am quite ready to support the resolution of ratification either with "interpretative reservations," agreeable to President Wilson, or the "Hitchcock reservations," or the "Lodge reservations." The differences are not sufficiently important to justify delay in declaring peace.

The country, with just cause, overwhelmingly demands it, and is incensed with all those who delay it.

The treaty of peace should pass at once because—

1. Our laws should be on a legal peace basis—not on a war basis. The reduction of the high cost of living demands it. The social unrest in our country demands it.

2. All rules and regulations based on war and all war boards and commissions should be revoked. With peace comes automatic repeal of war measures.

3. Our relations with enemy nations are definitely fixed by the treaty, determining our rights as a Nation and as citizens. Billions of dollars are involved, including all alien property, Americans' properties in alien enemy countries, all war damages, and our trade, social, and political relations.

4. The ratification will stabilize Europe and the reconstruction of the nations. It will enable them to pay us, and thus lower our taxes and lower our high cost of living thereby.

5. The more rapid restoration of Europe's productive activities means their self-support, larger exports to us, greater supplies for Europe and for us.

6. It will cause the rise in value of European currency and international exchange, and restore many impaired fortunes.

7. It will strengthen the prestige and standing of the United States, and improve our political, social, and trade relations with all other nations.

8. It will help to end the starvation, social unrest, and growth of radical socialism and bolshevism in Europe.

The covenant of the League of Nations ought to pass, because—

(a) It provides for a mechanism to settle all international disputes, (1) by diplomacy, (2) by conciliation, (3) by arbitration, (4) by a court of international justice, (5) by the council, (6) by the assembly, (7) by delay, (8) by agreeing to respect the territorial integrity and existing political independence of member nations, and (9) to preserve it, (10) by boycott, (11) by blockade, and, if necessary, (12) by military and naval force.

(b) (14) It provides for gradual disarmament on land and sea, to abate the high taxes of preparation for war. (15) It ends conscription and (16) abates private munition making. (17)

It ends secret treaties and (18) gives publicity to all war preparations. (19) It provides a world forum where subject peoples can bring their grievances. (20) It establishes a world assembly where all nations may meet in conference and develop the principles which will promote the peace and happiness of mankind. (21) It ends military autocracies and establishes for all time the rule of civilized democracies. It ushers in a new great era where the diligence, providence, and creative genius of mankind can fully function under the blessings of peace and liberty.

REASONS FOR DEFEATING TREATY NOT JUSTIFIED.

After 12 months of discussion the only irreconcilable difference remaining unadjusted between the President, Senator HITCHCOCK, and Senator LODGE appears to be over article 10, which provides:

"The high contracting parties undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all States members of the League.

"In case of any such aggression, or in case of any threat or danger of such aggression, the executive council shall advise upon the means by which the obligation shall be fulfilled."

President Wilson, Senator HITCHCOCK, and Senator LODGE are in accord on the United States undertaking "to respect" the territorial integrity and existing political independence of member Nations, but differ on the United States undertaking "to preserve" the territorial integrity, and so forth.

All three agree that the United States undertake "to respect," the territorial integrity, and so forth. President Wilson insists that the United States also undertake "to preserve" the territorial integrity, and so forth, subject to interpretative reservations.

Senator HITCHCOCK agrees that the United States undertake "to preserve," but not to use military or naval forces or the economic boycott "to preserve" unless Congress authorizes.

Senator LODGE refuses to agree that the United States undertake "to preserve" by any means whatever, unless Congress authorizes in each particular instance.

All the world agrees "to respect and preserve," President Wilson and Senator HITCHCOCK agree "to respect and preserve," Senator LODGE "to respect" but not "to preserve" unless Congress authorizes in each particular instance.

It is my opinion that with the overthrow of all the military dynasties and the world-wide establishment of democracies, and the League of Nations with its covenanted safeguards, the world's peace is assured even if the United States remains out.

But to keep the United States out of the league because of the very small differences between the President and Senator LODGE would be defeating a very great end for a very small end. They agree on 99 per cent of the German treaty and are liable to destroy it over a 1 per cent difference. To keep the United States out of the moral leadership of mankind would be a great wrong. To defeat the treaty would be a national calamity and would discredit the United States throughout the world.

If the President's view prevailed on article 10 no declaration of war or voting of war supplies could be possible without con-

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gressional action, and Congress would do what was morally right without the supposed moral coercion of article 10 "to preserve," and so forth, as Congress did in the case of Cuba and in the last Great War.

If Senator LODGE's view prevailed the same results would follow without the moral influence of the specific obligation of article 10. The moral obligation would exist any way to restrain an international outlaw from invading peaceful territory and upsetting the peace of the world.

I agree with President Wilson in believing the United States should enter on equal terms and with equal mutual obligations with other nations and not appear to distrust them or seem to seek the benefits of the treaty without being willing to meet our equal share of its burdens. I prefer article 10 as it is, but I am prepared, for the sake of passing the treaty and getting the advantages of it, to yield to the demand of a majority of my colleagues in the Senate. The views of the majority of the Senate are entitled to respect.

The country unhappily believes the differences are not reconciled because of personal and partisan pride.

I refuse to be a party to the defeat of the treaty or to its delay. I am ready to support it in any form and follow any leader who leads to its ratification, and I will not follow any leader who is leading to its defeat or delay.

Mr. President, the remarks which I have just delivered were written on March 7, before I was furnished with a mimeographed copy of the President's letter to Senator HITCHCOCK of March 8, and are subject, therefore, to that understanding where I seem to have misapprehended the President's position.

It appears now to be the wish of the President to have his Democratic associates vote with the irreconcilable opponents of the treaty, defeat the resolution of ratification, and make the "treaty without reservations" the issue of the next election.

I should regard this as a great injury to our domestic interests. The delay in establishing peace has helped to raise instead of helping to lower the cost of living. The defeat of the treaty would injure American prestige abroad.

With the treaty, "with or without reservations," as the campaign issue, the discussion of our vital domestic problems of reconstruction—the cost of living, monopolies and profiteering, and so forth—will be obscured as behind a smoke screen to the benefit of those selfish interests which have been taking unjust advantage of our people.

It will be impossible at the next election to elect a Senate favorable to the treaty without reservations, and every well-informed public man knows it, so that after the campaign the treaty will be in no better position relatively than it is now, and with the "treaty without reservations" as the issue the Democratic Party would have a ruinous handicap.

As far as I am concerned, as an American Senator, who for very many years have ardently and strenuously served my party and my country and supported the administration on all suitable occasions, I decline to assume the slightest responsibility for the delay or the defeat of the treaty.

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THE EGYPTIAN QUESTION

EXTRACTS FROM
THE CONGRESSIONAL RECORD

INSERTED BY

HON. ROBERT L. OWEN
OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

THURSDAY, OCTOBER 30, 1919



WASHINGTON
GOVERNMENT PRINTING OFFICE

1919

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THE EGYPTIAN QUESTION.

Mr. OWEN. Mr. President, some days ago, October 15, I introduced a resolution bearing on the treaty of peace with Germany. I ask to have inserted in the RECORD a memorandum of a letter from King George to the Sultan of Egypt, which I will not take the time to read, together with a cablegram to Mahmoud Pasha from Mahmoud Soliman Pasha, which I shall not take the time to read, bearing upon the same question, together with some data submitted by the Egyptian delegation here, which I ask, without reading, to have also printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

"Resolved, That the United States in ratifying the covenant of the league of nations does not intend to be understood as modifying in any degree the obligations entered into by the United States and the Entente Allies in the agreement of November 5, 1918, upon which as a basis the German Empire laid down its arms. The United States regards that contract to carry out the principles set forth by the President of the United States on January 8, 1917, and in subsequent addresses, as a world agreement, binding on the great nations which entered into it, and that the principles there set forth will be carried out in due time through the mechanism provided in the covenant, and that article 23, paragraph (b), pledging the members of the league to undertake to secure just treatment of the native inhabitants under their control, involves a pledge to carry out these principles.

"The protectorate which Germany recognizes in Great Britain over Egypt is understood to be merely a means through which the nominal suzerainty of Turkey over Egypt shall be transferred to the Egyptian people and shall not be construed as a recognition by the United States in Great Britain of any sovereign rights over the Egyptian people or as depriving the people of Egypt of any of their rights of self-government.

DATA COMPILED BY EGYPTIAN DELEGATION.

SHALL RIGHT OR MIGHT PREVAIL?

"Egypt is a country of immense wealth. It has millions of acres of agricultural land greater in value per acre and in producing power than any other country in the world. The seizure of Egypt by Great Britain adds to Britain's enormous possessions an area of 350,000 square miles and a population of 13,000,000 people. The value of the natural resources so seized is beyond computation.

"Egypt is one compact whole—one nation, one language. The character of the people, their conduct, their habits, their sympathies, and their inclinations are the same throughout that country. Because of geographic situation, however, Egypt has attracted the avarice of colonizing powers more, perhaps, than any other country in the world. In 1798 the French under Napoleon invaded Egypt. In 1801 the French were expelled

from Egypt. In 1807 Great Britain attempted to invade Egypt, but was ejected by the Egyptian Army.

"Egypt continued to be a Turkish Province until 1831, when war broke out between Egypt and Turkey, and the Egyptian Army was victorious. Constantinople would have fallen to the Egyptians, but Great Britain and France interfered in order to preserve the balance of power and the Egyptians were compelled to give up the full fruits of their victories.

"By the treaty of London of 1840-41 Egypt became autonomous, subject only to an annual tribute to Turkey of about \$3,500,000. The Government of Egypt could maintain an army, contract loans, make commercial treaties, and enter into international agreements. For all practical purposes Egypt was independent and free.

"In 1882 Great Britain occupied Egypt ostensibly to protect the Khedive against the movement for popular government, and continued to occupy the country, against the protest of the Egyptians, under the pretext of protecting the people from the Khedive.

"The British Government from the time of occupation up to the beginning of the recent war promised to withdraw the British troops from Egypt. Gladstone, when prime minister, said, 'If one pledge can be more solemn and sacred than another, special sacredness in this case binds us to withdraw the British troops from Egypt.'

"Lord Salisbury, when prime minister in 1889, solemnly assured Egypt and the world that Egypt would never be placed under a British 'protectorate' or annexed by Great Britain.

"Great Britain had agreed by the treaty of London of 1840-41 to protect the autonomy of Egypt, and in the Anglo-French agreement of April 8, 1904, Great Britain declared that it had no intention of altering the political status of Egypt.

"After the beginning of the war, and on December 18, 1914, Great Britain deposed the Khedive and appointed a sultan of her own choosing to the throne of Egypt. On the same date Great Britain proclaimed the so-called protectorate over Egypt, announcing, however, at the same time that it was merely for the period of the war and only a step toward the independence of Egypt.

"King George, in a letter which was widely circulated throughout Egypt and which was published in the London Times of December 21, 1914, said:

"* * * * I feel convinced that you will be able, with the cooperation of your ministers and the protection of Great Britain, to overcome all influences which are seeking to destroy the independence of Egypt, * * *"

"This change of status being announced at the time as a merely temporary war measure, was assumed by the Egyptians to be such. The Egyptians with absolute unanimity took sides with the Allies and served to make, as they believed, the world safe for democracy and for the right of national self-determination in all peoples.

"When the armistice was signed the Egyptians rejoiced in the thought that the day of their deliverance had come, and that henceforth they would enjoy that right of national self-determination proclaimed by President Wilson. A commission was appointed by the Egyptian people to attend the peace conference, where their independence and sovereignty could be consecrated and acknowledged by the powers.

"In violation of its pledges of independence to the Egyptian people, and regardless of the fact that the Egyptian people had served and sacrificed in the allied cause, Great Britain arrested four of the leading citizens of Egypt, who had been selected by the Egyptian people to go to Paris, and these four were torn from their homes without warning and deported to Malta, where they were thrown into a military prison.

"When the Egyptian people learned of this act of perfidy on the part of Great Britain their indignation was intense. National self-determination demonstrations were held throughout Egypt. Great Britain answered these demonstrations for national self-determination, the principle for which Great Britain had ostensibly fought in the war, by firing machine guns into crowds of these peaceable and unarmed, liberty-seeking people, killing more than a thousand and wounding vastly more.

"Egyptians who dared to assert in public that Egypt should have the right of national self-determination were put in prison. The cry for liberty by an Egyptian was answered by British military punishment.

"If present conditions are permitted to continue, liberty is dead to Egypt, and the right of self-determination to all peoples, for which Americans believed they were fighting, has been made a hollow mockery.

"Gen. Allenby finally, by force of Egyptian public opinion, advised the British Government to permit the commission to proceed to Paris. When the commission reached Paris they asked for a hearing before the peace conference. This was denied them. They wrote to President Wilson and asked for a conference with him. Their appeals were in vain.

"Some days after the commission reached Paris the so-called protectorate of Great Britain over Egypt was 'recognized.' The holding of Egypt by Great Britain is not a protectorate in the legal sense of the word, but under guise of a protectorate Great Britain is holding Egypt to-day as a subject and conquered nation.

"The approval of this so-called protectorate would be accepted by the British Government as approval of the present holding of Egypt by Great Britain as spoils of war and would rivet the chains of subject slavery upon the Egyptian people.

"In a statement issued by the British Embassy at Washington, September 2, 1919, and which was published in the daily press, the embassy stated:

"Great Britain has carefully avoided destroying the sovereignty of Egypt."

"A few days later the British foreign office in London gave an interview to the International News Service, claiming to have succeeded to Turkish nominal suzerainty over Egypt. Great Britain is claiming both a protectorate and a sovereignty over Egypt at the same time.

"Great Britain is holding Egypt to-day not by right but by might of military force. Great Britain's seizure of Egypt is out of keeping with the world's new temper. Only by the exercise of the gospel of military force can the continued holding of Egypt by Great Britain be maintained. Only in violation of its sacred pledges and treaty obligations can Great Britain assert dominion over the people of Egypt.

"On November 10, 1914, Lloyd-George in a speech called the world to witness the utter unselfishness of their part in the

war. 'As the Lord liveth,' he declared, 'England does not want one yard of territory. We are in this war from motives of pure chivalry to guard the weak.' Shall Egypt be handed over to Great Britain in violation of the great principles for which Americans, Egyptians, and the Allies fought? How can it be justly said that Egypt is outside the realm of the principles of the 14 points and that Great Britain may deny the right of self-determination to Egypt?

"The Egyptian people are liberty loving and peaceful. They have not interfered with other nations and they ask now that Great Britain not be allowed to destroy the inalienable right of the Egyptian people to liberty, and the right to have their own government, controlled by their own people."

BRITISH PLEDGES.

"In May, 1882, a British fleet appeared before Alexandria. In June, 1882, a serious disturbance took place in Alexandria, and a number of Europeans were killed. On July 11 and 12, 1882, Alexandria was bombarded by the British fleet and British soldiers began to occupy Egypt. Great Britain pledged the Egyptian Government and the world that this occupation would be only temporary. The solemn pledges to this effect made by England are evidenced by the following documents:

"1. Lord Granville's dispatch, November 4, 1881 (Egypt, No. 1 (1882), pp. 2, 3), said:

"The policy of Her Majesty's Government toward Egypt has no other aim than the prosperity of the country, and its full enjoyment of that liberty which it has obtained under successive firmans of the Sultan. * * * It can not be too clearly understood that England desires no partisan ministry in Egypt. In the opinion of Her Majesty's Government a partisan ministry founded on the support of a foreign power, or upon the personal influence of a foreign diplomatic agent, is neither calculated to be of service to the country it administers nor to that in whose interest it is supposed to be maintained."

"2. In the protocol signed by Lord Dufferin, together with the representatives of the five other great powers, June 25, 1882 (Egypt, No. 17 (1882), p. 33), it was provided:

"The Government represented by the undersigned engaged themselves, in any arrangement which may be made in consequence of their concerted action for the regulation of the affairs of Egypt, *not to seek any territorial advantage*, nor any concession of any exclusive privilege, nor any commercial advantage for their subjects other than those which any other nation can equally obtain.' [Italics ours.]

"3. Sir Beauchamp Seymour, in a communication to Khedive Tewfik, Alexandria, July 26, 1882, published in the Official Journal of July 28, 1882, said:

"I, admiral commanding the British fleet, think it opportune to confirm without delay once more to Your Highness that the Government of Great Britain has *no intention of making the conquest of Egypt*, nor of injuring in any way the religion and liberties of the Egyptians. *It has for its sole object to protect Your Highness and the Egyptian people against rebels.*' [Italics ours.]

"4. Sir Charles Dilke, in the House of Commons, July 25, 1882, said:

"It is the desire of Her Majesty's Government, after relieving Egypt from military tyranny, *to leave the people to manage their own affairs.* * * * We believe that it is better for the interests of their country, as well as for the interests of Egypt, that Egypt should be governed by liberal institutions rather than by a despotic rule. * * * We do not wish to impose on Egypt institutions, of our own choice, but rather to leave the choice of Egypt, free, * * *. It is the honorable duty of this country to be true to the principles of free institutions, which are our glory.' [Italics ours.]

"5. The Right Hon. Mr. W. E. Gladstone, in the House of Commons, August 10, 1882, said:

"I can go so far as to answer the honorable gentleman when he asks me whether we contemplate an indefinite occupation of Egypt. *Undoubtedly of all things in the world, that is a thing which we are not going to do.* It would be absolutely at variance with all the principles and views of Her Majesty's Government, and the pledges they have given to Europe and with the views, I may say, of Europe itself.' [Italics ours.]

"6. Lord Dufferin's dispatch, December 19, 1882, Egypt No. 2 (1883), page 30, stated:

"In talking to the various persons who have made inquiries as to my views on the Egyptian question I have stated that we have not the *least intention of preserving the authority which has thus reverted to us.* * * * It was our intention so to conduct our relations with the Egyptian people that they should naturally regard us as their best friends and counselors, but that we did not propose upon that account arbitrarily to impose our views upon them or to hold them in an irritating tutelage.' [Italics ours.]

"7. Lord Granville, December 29, 1882, Egypt No. 2 (1882), page 33, officially stated:

"You should intimate to the Egyptian Government that *it is the desire of Her Majesty's Government to withdraw the troops from Egypt as soon as circumstances permit,* that such withdrawal will probably be effected from time to time as the security of the country will allow it, and that Her Majesty's Government hope that the time will be very short during which the full number of the present force will be maintained.' [Italics ours.]

"8. Lord Dufferin's dispatch, February 6, 1883, Egypt No. 6 (1883), pages 41, 43, stated:

"The territory of the Khedive has been recognized as lying outside the sphere of European warfare and international jealousies. * * *

"The Valley of the Nile could not be administered from London. An attempt upon our part to engage in such an undertaking would at once render us objects of hatred and suspicion to its inhabitants. Cairo would become a focus of foreign intrigue and conspiracy against us, and we should soon find ourselves forced either to abandon our pretensions under discreditable conditions or embark upon the experiment of a complete acquisition of the country.'

"9. Again, at page 83, Lord Dufferin said:

"Had I been commissioned to place affairs in Egypt on the footing of an Indian subject State the outlook would have been

different. The masterful hand of a resident would have quickly bent everything to his will, and in the space of five years we should have greatly added to the material wealth and well-being of the country by the extension of its cultivated area and the consequent expansion of its revenue; by the partial if not the total abolition of the corvee and slavery; the establishment of justice and other beneficent reforms. But the Egyptians would have *justly* considered these advantages as dearly purchased at the *expense of their domestic independence*. Moreover, Her Majesty's Government have pronounced against such an alternative.' [Italics ours.]

"10. Mr. Gladstone, in the House of Commons August 6, 1883, said:

"The other powers of Europe * * * are well aware of the general intentions entertained by the British Government, intentions which may be subject, of course, to due consideration of that state of circumstances, but conceived and held to be in the nature not only of information *but a pledge or engagement*.' [Italics ours.]

"11. Mr. Gladstone, in the House of Commons August 9, 1883, said:

"The uncertainty there may be in some portion of the public mind has reference to those desires which tend toward the permanent occupation of Egypt and its incorporation in this Empire. This is a consummation to which we are resolutely opposed and which we will have nothing to do with bringing about. We are against this doctrine of annexation; we are against everything that resembles or approaches it; and we are against all language that tends to bring about its expectation. We are against it on the ground of the interests of England; we are against it on the ground of our duty to Egypt; we are against it on the ground of the specific and solemn pledges given to the world in the most solemn manner and under the most critical circumstances, pledges which have earned for us the confidence of Europe at large during the course of difficult and delicate operations, and which, if one pledge can be more solemn and sacred than another, *special sacredness in this case binds us to observe*. We are also sensible that occupation prolonged beyond a certain point may tend to annexation, and consequently it is our object to take the greatest care that the occupation does not gradually take a permanent character. * * * We can not name a day and do not undertake to name a day for our final withdrawal, but no effort shall be wanting on our part to bring about that withdrawal as early as possible. [Italics ours.]

"12. Lord Granville's dispatch, June 16, 1884, Egypt No. 23 (1884), page 13, stated:

"Her Majesty's Government * * * are willing that the withdrawal of the troops shall take place at the beginning of the year 1888, provided that the powers are then of opinion that such withdrawal can take place without risk to peace and order."

"13. Lord Derby, in the House of Lords, February 26, 1885, said:

"From the first we have steadily kept in view the fact that our occupation was temporary and provisional only. * * * We do not propose to keep Egypt permanently. * * * On that point we are pledged to this country and to Europe; and

if a contrary policy is adopted it will not be by us.' [Italics ours.]

"14. Lord Salisbury, in the House of Lords, June 10, 1887, said:

"It was not open to us to assume the protectorate of Egypt, because Her Majesty's Government have *again and again pledged themselves that they would not do so.* * * * My noble friend has dwelt upon that pledge, and he does us no more than justice when he expresses his opinion that it is a *pledge* which has been constantly present to our minds. * * * It was undoubtedly the fact that our presence in Egypt, unrecognized by any convention * * * gave the subjects of the Sultan cause for a suspicion which we did not deserve.' [Italics ours.]

"15. Lord Salisbury, in the House of Lords, August 12, 1889, said:

"When my noble friend * * * asks us to convert ourselves from guardians into proprietors * * * and to declare our stay in Egypt permanent * * * I must say I think my noble friend pays an insufficient regard to the *sanctity of the obligations which the Government of the Queen have undertaken and by which they are bound to abide.* In such a matter we have not to consider what is the most convenient or what is the more profitable course; we have to consider the course to which we are bound by our *own obligations and by European law.*' [Italics ours.]

"16. Mr. Gladstone, in the House of Commons, May 1, 1893, said:

"I can not do otherwise than express my general concurrence * * * that the occupation of Egypt is in the nature of a burden and difficulty, and that the *permanent occupation of that country would not be agreeable to our traditional policy, and that it would not be consistent with our good faith toward the Suzerain power, while it would be contrary to the laws of Europe.* * * * I certainly shall not set up the doctrine that we have discovered a duty which enables us to set aside the *pledges* into which we have so freely entered. * * * The thing we can not do with perfect *honor* is either to deny that we are under engagements which preclude the idea of an *indefinite occupation*, or so to construe that indefinite occupation as to hamper the engagements that we are under by collateral considerations.' [Italics ours.]

"17. The text of the Anglo-French agreement of April 8, 1904, provides:

"The Government of His Majesty declares that it has no intention of altering the political status of Egypt.'

"18. Lord Cromer's report, March 3, 1907, Egypt No. 1 (1907), page 2, stated:

"There are insuperable objections to the assumption of a British protectorate over Egypt. It would involve a change in the political status of the country. Now, in Article 1 of the Anglo-French agreement of the 8th April, 1904, the British Government have explicitly declared that they have no intention of altering the political status of Egypt.'

"19. In an interview with Dr. Nimr, editor of the Mokattam, October 24, 1908, acknowledged as official by Sir E. Grey in the House of Commons, Sir Eldon Gorst said:

"It has been said that Great Britain proposes shortly to proclaim the protectorate or the annexation of Egypt to the

British Empire. Will Sir Eldon Gorst permit me to ask him whether this rumor is well founded or not?

"Sir Eldon Gorst answered:

"*The rumor has no foundation, and you may contradict it categorically.* Great Britain has engaged herself by official agreements with Turkey and the European Powers to respect the suzerainty of the Sultan in Egypt. She will keep her engagements, which, moreover, she reiterated in 1904 at the time of the conclusion of the Anglo-French agreement. England stipulated in that agreement that she has no intention to change the political situation in Egypt. Neither the people nor the Government wish to rid themselves of these engagements."

"20. Sir Eldon Gorst's report, March 27, 1909, Egypt No. 1 (1909), page 1, stated:

"There exists among the better-educated sections of society a limited but gradually increasing class which interests itself in matters pertaining to the government and administration of the country. This class aspires quite rightly to help in bringing about the day when Egypt will be able to govern herself without outside assistance. This is also the end to which British policy is directed, and there need be no antagonism or principle between the Egyptian and English reforming elements."

"21. In the same report, at page 48, Sir Eldon Gorst said:

"Since the commencement of the occupation the policy approved by the British Government has never varied, and its fundamental idea has been to prepare the Egyptians for self-government while helping them in the meantime to enjoy the benefit of good government."

"22. Sir Eldon Gorst's report, March 26, 1910, Egypt No. 1 (1910), page 51, stated:

"British policy in Egypt in no way differs from that followed by Great Britain all over the world toward countries under her influence, namely, to place before all else the welfare of their populations."

"23. Sir Edward Grey, in the House of Commons, August, 1914, said:

"England stretches out her hand to any nation whose safety or independence may be threatened or compromised by any aggressor."

"24. Former Premier Balfour, speaking for the Government at Guild Hall, on November 19, 1914, declared:

"We fight not for ourselves alone but for civilization drawn to the cause of small States, the cause of all those countries which desire to develop their own civilization in their own way, following their own ideals without interference from any insolent and unauthorized aggressor."

"25. Premier Asquith, speaking at Guild Hall, November 9, 1915, asserted:

"We shall not pause or falter until we have secured for the smaller States their charter of independence and for the world at large its final emancipation from the reign of force."

"26. And, again, Premier Asquith, on November 9, 1916, declared:

"This is a war, among other things—perhaps I may say primarily—a war for the emancipation of the smaller States. * * * Peace when it comes, must be such as will build upon a sure and stable foundation the security of the weak, the liberties of Europe, and a free future for the world."

"27. Premier Lloyd-George, on June 29, 1917, said:

"In my judgment this war will come to an end when the allied powers have reached the aims which they set out to attain when they accepted the challenge thrown down by Germany to civilization."

"28. Asquith, in the House of Commons, on December 20, 1917, said:

"We ought to make it increasing clear by every possible means that the only ends we are fighting for are liberty and justice for the whole world, through a confederation of great and small States, all to possess equal rights. A league of nations is the ideal for which we are fighting, and we shall continue fighting for it with a clear conscience, clean hands, and an unwavering heart."

"After the beginning of the World War, and on December 18, 1914, Great Britain proclaimed a so-called protectorate over Egypt. The proclamation seizing Egypt and placing Egypt under the British flag is published in the London Times of December 19, 1914, page 8, column 3. It reads:

"In view of the action of his highness Abbas Helmi Pasha, lately Khedive of Egypt, who has adhered to the King's enemies. *His Majesty's Government has seen fit to depose him from the khedivate*, and that high dignity has been offered, with the title of Sultan of Egypt, to his highness Prince Hussein Gamel Pasha, eldest living Prince of the family of Mehemet Ali, and has been accepted by him.

"The King has been pleased to approve the appointment of Prince Hussein to an honorary Knight Grand Cross of the Order of the Bath on the occasion of his accession to the sultanate." [Italics ours.]

"The London Times, in the issue of December 19, 1914, had large headlines saying, 'Egypt under the British flag.' But the Times, in an editorial in the issue of same date, with characteristic British diplomacy, naively said:

"All that is desired now is to defend Egypt against attack and to keep the internal administration running smoothly. Other questions can wait until peace is restored, as Lord Cromer implies in the letter we published to-day. * * * It is purely a practical administrative step, dictated by the appearance of Turkey as a belligerent."

"It will be noted that the seizure was sought to be justified only as a protection to Egypt against Turkish aggression. The truth is that under the guise of a 'protectorate' Great Britain seized Egypt and swept away every vestige of Egyptian freedom and independence. But the people of Egypt did not realize at that time the full meaning of this action on the part of Great Britain. They were told that it was a step toward the independence of Egypt. His Majesty King George, in a letter to the Sultan whom he had appointed to rule over Egypt, which letter was widely circulated throughout Egypt and was published in the London Times of date December 21, 1914, said:

"* * * I feel convinced that you will be able, with the cooperation of your ministers and the protectorate of Great Britain, to overcome all influences which are seeking to destroy the independence of Egypt. * * * [Italics ours.]

TREATMENT OF EGYPTIAN DELEGATES TO PEACE CONFERENCE.

LETTER FROM THE CHAIRMAN OF THE EGYPTIAN DELEGATION TO SIR REGINALD WINGATE, BRITISH HIGH COMMISSIONER TO EGYPT:

[From the Egyptian White Book, p. 19.]

"I addressed to British headquarters on the 20th instant (November) a letter in which I requested for my colleague and myself the permission necessary for voyage. * * * We have just received a letter from the military authorities dated to-day, informing us that difficulties have arisen which have prevented them from responding before and that as soon as they are smoothed out we shall receive an answer. * * * We rely upon the traditions of Great Britain. The British have not ceased to give to the world examples of the devotion to the principles of individual liberty. Will not our request for passports receive a quick and favorable response?"

"To this the following letter was received on December 1, 1918, page 21:

"I am directed by his excellency, the high commissioner, to acknowledge receipt of your letter of the 29th ultimo and to inform you in reply that after reference to His Majesty's Government, his excellency feels unable to make any representations to the military authorities in the matter.

"I am to add that should you desire to submit suggestions as to the government of Egypt, not being inconsistent with the policy of His Majesty's Government as already declared, such suggestions can most conveniently be submitted in writing to his excellency. In this connection I may draw your attention to the communication addressed by Sir Mille Cheetham, proclamation of protectorate by the British Government, December 18, 1914, by instruction of His Majesty's Government to the late Sultan Hussein on the occasion of his accession."

"To this the delegation replied on December 3, 1918, as follows, page 22:

"In response I allow myself to make known to your excellency that it is not permitted, neither to me nor to any member of the delegation, to make propositions which are not in accordance with the will of the Egyptian nation as expressed in the mandates that have been given us. * * * Forbidding our departure makes illusory and inoperative the mission that we have accepted by will of the people. It is difficult to conciliate this situation with the principles of liberty and justice which the victory of Great Britain and her allies is supposed to have caused to triumph. This victory has repeatedly been declared to be for the purpose of opening a new era for mankind through listening and granting the just demands of peoples."

"In a letter of protest to Premier Lloyd-George against the virtual imprisonment of the Egyptian delegation at Cairo, the president of the delegation wrote (p. 26):

"You have certainly been misinformed of the circumstances that accompanied our sequestration. We can not imagine how such proceedings can be justified, whether from the point of view of law or social usage, or even of reasonable policy, and we can not understand how the British can apply systematically so humiliating a treatment to a nation with the rich and glorious past of ours. Whatever may be its present weakness, a

nation with a civilization so ancient will always preserve before the world its prestige and its title to the gratitude of the world.

“Deny the civilization of Egypt in spite of traces that attest its glorious past; deny its benefits to the culture of the world; suppose that it is only an agglomeration of savages ruled by the brutality of their instincts and without law—do you refuse to believe that Egypt has been a precious aid to you? The enormous sacrifice that we have made during the war in blood and treasure for the triumph of your cause, were indispensable to you, and moreover you have recognized many times that these sacrifices were one of the principal factors of victory in the Orient.

“* * * Even were you to suppose that Egypt had no civilization and that Egypt gave you no aid, would you none the less refuse to apply to her the principles which you have agreed with President Wilson to apply—impartial justice on every side of settlement no matter whose interest is crossed, and not only impartial justice but also the satisfaction of several peoples whose fortunes are dealt with?”

“Egyptian case stated as follows in a letter from Egyptian delegation to president of peace conference (p. 88):

“For more than five months the British authorities refused to allow our delegation to leave for Europe. Public opinion, realizing that a peace conference had assembled and was taking up the problems of the Near East, and preparing a treaty to present to Germany, became aroused. The Egyptians insisted that the authorization for our departure be granted. Standing by the people, the cabinet presented its resignation, which was accepted. The answer of the British military authorities to the official request of the Egyptian Government was to order the arrest and deportation to Malta of the president of the delegation and of three of his colleagues. They were taken suddenly from their homes and hurried away under cover of night. There was no trial, and they were not informed of the reasons for their arrest and deportation. When they learned of this act of violence, totally contrary to the law, there were peaceful demonstrations throughout the country, in which all classes took part. Government officials and the personnel of railways and other transportation service, decided to strike. The English thus saw that in the entire territory of Egypt the people of all classes, irrespective of religion, were against their domination, nevertheless they persisted in their wish to govern by force of arms the people who did not want them.

“The manifestations were suppressed by machine guns which mowed down dozens of unfortunate demonstrators. Since the Egyptians had no arms, the order to fire was totally unwarranted. But frightfulness could not stop the Egyptians from proceeding in their determination to make an effort to obtain their independence. They had firm faith in the principles of President Wilson which had been solemnly accepted by the Entente Allies. They felt that if their delegation could only get to Paris that justice would be accorded to them. So, in spite of the death that awaited them, they advanced in groups in ecstasy, making the sacrifice of their lives to the cause of liberty.

“Even the women were not spared. Without mentioning those who fell on the field of honor during the national demonstrations, we can cite the case of the leading ladies of Cairo

who organized under the leadership of the wife of the prime minister, a demonstration to protest to the diplomatic agencies against the murder of innocent and unarmed citizens in the streets of Cairo. Suddenly they were surrounded on all sides by soldiers who pointed their guns at them. This inspired one of the Egyptian women to say "Make of me if you will a second Miss Cavell." They were kept for more than two hours in the burning sun. In proof of this statement, we refer to the testimony of the agencies of the United States and Italy.

"The British authorities in Egypt were as much disturbed as provoked by the extent of the movement and astonished at their powerlessness to stop it. It was then that the spirit of vengeance got the better of them, and they then allowed themselves to indulge in the most disgraceful excesses. No longer content to stop the demonstrations by means of rifles and machine guns, they were guilty in several places of rape, of assassination of peaceful villagers, of pillage, of arson—all with the most trifling pretext or even without pretext. No longer was it a question of individual abuses committed by stray soldiers such as those of which the minister of justice and the president of the legislative assembly had been victims—no longer was it a question of blows and thefts in the streets of Alexandria and Cairo, attacks began to be made by strong military attachments under the command of their officers in villages as well as cities."

BRITISH VIEWS ON THE EGYPTIAN QUESTION.

"Sir Thomas Barclay, vice president of the Institute of International Law, says in his book, 'New Methods of Adjusting International disputes and the Future':

"Turning to another aspect of international matters, it is deeply to be regretted that in several instances in our own time international treaties have not been regarded by public opinion with the same respect as international awards. The attitude of England toward Egypt, of Italy toward Turkey, of Russia toward Persia, of France toward Morocco, and especially of Germany toward Belgium, all are instances of eventual bad faith, however justifiable the original intervention may have been in the one case or unjustifiable in the other. They are additional evidence of the difficulty of preserving the peace of the world even by the most solemn of international undertakings."

[Excerpts from an article by the Right Hon. J. M. Robertson, former member of the British Cabinet, in the Contemporary Review of May, 1919, under the title of "The problem of Egypt," said in part:]

"A rebellion in Egypt in 1919 has set all men elsewhere asking the question, Why? In 1914 a rebellion was planned for by the German enemy; how thoroughly the world has not yet been informed. Had it broken out, the causation would have been sufficiently obvious, apart from any known native discontent. But that rebellion should have been averted then and should blaze forth now, when the leagued enemies of the British Empire are prostrate in defeat, signifies a new causation. What is it?

"Some have put the hypothesis that Egyptian Moslems are alarmed by the prospect of Jewish domination in Palestine. But even if there were not express testimony that the Zionist leaders have maintained thoroughly friendly relations with those of the

Arabs, such an explanation would be plainly inadequate. Moslem feeling in Egypt about Palestine could at most aggravate other grounds of resentment; it could not motive a rebellion in which the Moslems of Palestine have no share. Such a rising, exhibiting no signs of direction from without, must be held to signify grievances within Egypt; and new and special grievances at that. The disorders reported from Cairo on April 14 appear to involve riots directed against the Armenians and Greeks; and it may be that the presence of a number of Armenian refugees has helped to foment fanaticism. But these attacks, as described, have the appearance of being a sequel to the previous insurrection rather than a key to its causation. Normally, the Moslems in Egypt live on perfectly good terms with the numerous Greeks; fanaticism being in fact not a normal factor in the life of the Egyptian mass. And the remarkable statement made by Miss M. E. Durham, in the Daily News, of April 2 would seem to yield the explanation. Thus it runs:

"I was in Egypt from November, 1915, to April, 1916, and can confirm Dr. Haden Guest in his statement that it is to our own treatment of the Egyptians that we owe the present trouble. The authorities were certainly to blame in landing colonial troops in Egypt without carefully instructing them as to the population they would meet there. So ignorant were numbers of these men that they imagined that Egypt was English, and the natives of the land were intruders.

"More than one Australian said that he would clear the lot out if he had his way. They treated the natives with cruelty and contempt. In the canteen in which I worked a very good native servant was kicked and knocked about simply because he did not understand an order given him by a soldier. An educated native in the town was struck in the mouth and had his inlaid walking stick forcibly snatched from him by a soldier who wanted it. More than one English resident said to me: "It will take years to undo the harm that has been done here by the army." Personally I felt that were I an Egyptian I should have spared no effort to evict the British. I felt ashamed of my country—bitterly ashamed. The opinion of the native for the soldier was amusingly illustrated by a small conversation book, one phrase of which was to the effect: "You fool; what for you spend all your money on beer?" and a dialogue with a beggar which ended: "I am poor; I am miserable," to which the Briton replied: "Go to hell."

"I spoke with great severity frequently to the soldiers, telling them that by their conduct they were proving themselves the enemies of England; that the Germans maltreated the enemy, but that they were attacking their own side and would make enemies. This surprised them very much. They were absolutely ignorant of the situation.

"To make matters worse, for the first few days after the troops arrived in quantities, the drink shops were all open all day, and the unlovely results filled the natives with disgust and contempt. It was reported, I do not know with what truth, that drunken men had snatched the veils from Moslem women. The tale was believed by the natives.

"Small wonder if they hate and dread us."

"It is probably necessary to impress upon many people in this country that the insolent outrage such as that described, inflicted upon people in their own country by a dominant alien

race, is about as maddening to the indigenous population as Englishmen found many of the tales of German brutality to British prisoners and subject Belgians during the war. The blood boils in Egypt perhaps more easily than in England. And if any of our people continue to argue, as many of them did a dozen or more years ago, that Egyptians ought to be too thankful for our beneficent rule to feel rebelliously about individual grievances, it will be more necessary than ever to point out that such reasoning tells only of an incurable moral blindness. Old chronicles are full of rebellion arising out of individual outrages; and a nation collectively grateful to an alien race for ruling it is not among the portents of history.

"How government has gone in Egypt during the war it was practically impossible for us at home to know. It was no time for discussing reforms; and military rule had to prevail there at least as much as here. But when the world is intent upon a peace settlement which is to remedy as far as may be all the grievances of subjected peoples, it would be idle to suppose that wild mutiny and stern repression (going to the length of bombing open villages) can go on in Egypt without comment or criticism from our allies, to say nothing of our late enemies.

"If Egypt were under any rule but British, British critics in general would hold it a matter of course that such a mutiny as has recently been quelled there must signify some kind of misgovernment. The fact that we can quell a mutiny by bombing, from aeroplanes, the open villages of a population which simply can not organize a military resistance, is no proof whatever either of the general badness of the Egyptian cause or the goodness of ours.

"Recollections of the history of Poland might suffice to move thinking men in this country to seek for a policy which shall not merely 'hold down' the Egyptian people now but make it unnecessary to hold them down in future. Whatever the patriots in Parliament and the Northcliffe press may say for the moment, this bombing of open villages and flogging of rioters can not improve our reputation either in Christendom or in the Moslem world; and it will not be permanently possible even for the patriots to keep up a denunciation of Germans for their past bombing of noncombatants here while we bomb noncombatants in Egypt. And there is a painful probability that such episodes will recur unless we make a new departure in Egyptian Government.

"It is presumably well known that the present system is one embodying a few of the forms without any of the realities of self-government. At every stage at which those forms have been adjusted the obvious purpose was to give nothing approaching real power of any kind either to the mass of the people or to Egyptian ministers who nominally administered. For such a policy of emasculation the private defense has always been that neither ministers nor people can be trusted, the former to govern or the latter to control them. It may simplify the discussion to admit that for this plea there is some justification. It would be hard to prove that the majority of the electors in Britain who polled at the last general election are well qualified to vote. They are now showing signs of a change of feeling which could hardly be paralleled in oriental history for quickness and completeness. That being so, it is not to be supposed

that the people of Egypt are properly fitted to exercise political power. But that does not alter the fact that in Egypt, as in Europe, the only way in which any population can become fitted to exercise political power is to begin using some degree of political choice.

"Certainly it is important that some amount of education, in the ordinary sense of the term, should precede political enfranchisement—though a franchise long subsisted with a low standard of popular education in our own country. But Englishmen can not long plead lack of education in Egypt as a ground for denying it any measure of real self-government, when it is by the decision of the British control that Egypt remains so largely uneducated. The policy of Lord Cromer in that regard was fatally transparent. Until within a short time of his resignation he refused even the appeal of his British (the controlling) minister of education to spend more than £200,000 a year on the schooling of a nation numbering some twelve millions. The finances of Egypt, he declared, did not admit of an expenditure much in excess of that. When criticism was brought to bear in the British Parliament he quickly discovered that he could spend the £400,000 his minister had asked for; and since his day the expenditure has greatly increased, still without giving Egypt a good system of schools.

"The reforms, such as they are, have been largely the result of native pressure. Egyptians of all classes have long agitated for better and better schools, and in particular for a good modern university. Before the advent of the British control Egypt was to a very considerable extent in a state of educational progress. A study of the catalogue of the Khedival Library in 1906 revealed that quite a large number of scientific and other works had been translated into Arabic, chiefly from the French, in the days of Ismail and his predecessors. Yet when it was urged upon Lord Cromer's Government that science teaching should be introduced into the program of the secondary schools the official answer was that books for the purpose did not exist. As they had existed a generation before, the irresistible conclusion was that the British control had let Egypt retrograde from the level reached under Moslem rule. So reactionary was the influence of the Cromer tradition that only after much pressure was it made possible for students of agriculture in Egypt to secure instruction in their own language. The Cromer tradition was that they must master either French or English for the purpose. Let the reader try to imagine what would be said of a British Government that refused to give instruction in scientific agriculture to farmers' sons save in a foreign language.

"It is perfectly true that Lord Cromer managed Egyptian finances well and economically, in contrast with the extremely bad management of the old régime. Probably no native government could have approached to the efficiency, to say nothing of the rectitude, of the British control in finance. As to all that there is no dispute; but it savors almost of burlesque to argue that the duty of the British control toward Egypt was fulfilled when Egypt was made to pay full interest on all its debts and meet the whole costs, civil and military, of the British administration. For generations past it has been an axiom in our politics that it is the business of governments to look to

the moral welfare of the nation as well as to its finance, and it is upon their contributions to that welfare that political parties now mainly found their claims to support. The very backwardness of Egypt was a ground for special measures to promote her moral progress. To make the defense of British rule consist in having regulated her finances and increased her productivity while leaving her more backward than ever in the elements of qualification for self-government was to discredit the cause that was defended. The obvious answer of every impartial foreigner to such a plea would be: 'You claim credit and gratitude for having secured the safe payment of your own bondholders, in whose interest you originally entered Egypt. Orderly government was essential to that. To earn credit and gratitude you must do a good deal more. You must raise the levels of life for the people of Egypt as you confessedly seek to raise them for your people at home. And you must know—what nation can know better?—that a people declared unfit to manage their own affairs are thereby pronounced low in the human scale.'

"It is, to say the least, unfortunate for the British Government that such an outbreak in Egypt should follow immediately on the close of the World War, when 'self-determination for subject races' passes for a principle with the peace conference. Had those responsible for the control of Egypt in the past sought to fulfill our old pledges with more of good will and good faith, we might have escaped this unpleasant emergency, though it will doubtless be argued that Lord Morley's progressive measures in India did not avert sedition there in 1914 and later. But the conclusion come to by responsible inquirers as regards India is obviously still more compulsive as regards Egypt. Our duty to prepare that country for self-government has been again and again officially avowed from the time of our first entrance; and those who think we can forever go on simply repressing discontent and maintaining the status quo are plainly unteachable by events. If the British control does not get newly into touch with intelligent native opinion, the situation will infallibly go from bad to worse, and this in the eyes of a world newly critical of 'imperialism.' That long-vaunted ideal has somewhat rapidly become a term of censure for whole nations.

"We shall be faced, as a matter of course, with the regulation formula that there can be no talk of concessions to a people who have been recently in rebellion. The Russian bureaucracy used to talk in that fashion, and we have seen the outcome. If those responsible for British rule in Egypt have in any degree learned the lesson, they will as soon as possible set about securing native support by taking natives into council; by giving room for real initiative to the nominal Egyptian ministers, who must know a good deal more about Egypt than do more than a few of the British bureaucracy there, civil or military; and by giving some reality to the form of self-government which thus far has been allowed to count for next to nothing in Egyptian politics. Before the war there were chronic and bitter complaints about the disregard of native wishes, as expressed by the elected representatives, in regard to matters of administration nearly concerning Egyptian welfare. During the war there, as here, must have been the possible minimum of consultation

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of the people. Perhaps what has happened in the English by-elections within the last month or two may suffice to suggest to the British Government that the sooner it resumes touch with public opinion everywhere the better it will be for national stability, to say nothing of the stability of the ministry. Egyptian mutiny is only the nonconstitutional version of the dissatisfaction that expresses itself in elections in the constitutional country. And, to put the case at its lowest, the safe course is to set about making Egypt constitutional.

“J. M. ROBERTSON.”

“Capt. Wedgwood Benn, in the House of Commons on May 15, initiated a debate on the state of affairs in Egypt. Among other things, he said:

“It was not too much to say that the reason for the calmness in Egypt, even when the Turks were successful and had overrun the Sinal Peninsula, was that the Egyptians trusted that the assistance they had rendered to the Empire in the war would not be permitted to interfere with the satisfaction of their legitimate aspirations. * * *

“The peace that had reigned in 1914, because there was trust, was converted by somebody in 1919, when there was disappointment, into a national insurrection. * * * The unrest among that large, busy, and influential class of people was caused by the fact that changes were in the air and nobody had been consulted. The underlying cause was that the status of Egypt had been altered.”

“Mr. Spoor (Bishop Auckland) said in the House of Commons on the same day:

“The situation in Egypt appeared to have been aggravated enormously because Egypt was under military control, and military control of a very short-sighted kind. The methods of governing Egypt had become more and more military; and in regard to the censorship of information which was allowed to be sent from that country, it was interesting to note that the Times asserted ever since 1914 it had been the most inept and most savagely ruthless censorship in any country under British control.

“There were facts which could be thoroughly well authenticated of atrocities of the most extreme kind that had been committed with the full sanction of our own military authorities. * * * The allegation (of atrocities) had become so general, not only in this country but throughout Europe, that it was high time an inquiry was held.”

FRENCH VIEWS.

[Speech of M. Goude, of the French Chamber of Deputies, at the sitting of Sept. 4, 1919. Translated from *Le Journal Officiel*.]

“M. Goude: In his speech of yesterday M. Franklin-Bouillon said that under the appearance of ‘no compromise’ M. Clemenceau had surrendered on every point.

“I will try to show that the president of the council (prime minister) at any rate adopted these tactics when it came to settling a question that he understands thoroughly, a question often discussed from this tribune and upon which the prime minister has often spoken.

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"Article 147 of the treaty submitted to us for ratification says:

"Germany declares that she recognizes the protectorate proclaimed over Egypt by Great Britain on the 18th of December, 1914."

"This means that Egypt is placed under the protectorate of England without this agreement having ever been ratified by Parliament. Neither in the treaty of peace nor in the report of M. Maurice Long has one dared to directly approach this question; it is well known that it is a thorny one and that it is absolutely contrary to all the principles laid down by the Entente Governments during the course of the war.

"It is known that at the present moment—in spite of their appeals to all the parliaments and all the politicians of the Entente—a people are being placed under the domination of another people. This is being done in an underhand way. We are not asked at first—we the French Chamber—to ratify an agreement recognizing the protectorate declared by England over Egypt in 1914, but we are told: 'We are compelling Germany to recognize the protectorate proclaimed by England over Egypt.'

"The question is brought up, I repeat, in an underhand way, because it is known that if the sole question of the English protectorate in Egypt was brought before Parliament a great debate would spring up, and I am convinced that if this question was the only one under discussion before you such a project of the treaty would never be approved. I therefore wish to know and I ask for what reasons the French Government thinks it right to place under English domination the Egyptian people, who protest with all their might and all their energy, as I will show.

"Is it not well known that Egypt has always shown its determination to be independent? Is it not well known that it is worthy of this independence?

The prime minister himself has vigorously defended the dignity of Egypt. He knows, as we do, that the production of Egypt supports its 16,000,000 of inhabitants, including Egyptians and Soudanese; that almost all the landed property belongs to Egyptians; that its farms are cultivated by native-born subjects to the exclusion of all others; that this country had in 1913 a foreign commerce amounting in value to 12,000,000,000 francs (about \$2,400,000,000); that the national budget of Egypt is 800,000,000 francs (about \$160,000,000); that intellectual Egyptians cultivate French traditions; that there exists in this country boys' and girls' colleges in large numbers, as well as different high schools, where the French language is exclusively employed, without forgetting the celebrated law school.

"Fifty years ago the Khedive could declare:

"My country is no longer in Africa. It is a part of Europe."

"Thirty years or so ago, the prime minister, rising in this tribune to defend Egyptian independence as I defend it to-day, declared:

"I do not desire to enter into ethnographic consideration as regard the Egyptian race—this is not the place for it—but it is certain that this race, of which we see some remarkable specimens amongst us, in our schools, is a calm and docile

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race—too docile, it may be said at certain moments—susceptible of culture and application, an industrious race of which surely one has every reason to expect much. No one can stand up in this tribune, no one will come into this Parliament of the Republic to say that these men are incapable of freeing themselves and that we owe no other duty to them, except to govern them with a courbash and a cudgel.

“ [‘Hear! Hear!’ at the extreme left.]

“Thirty-two years ago the prime minister made these declarations. Since then, as we know, European civilization has been spreading itself more and more in Egypt, which ardently desires to Europeanize its civilization, which is modifying its political structure, which has extended the suffrage to all citizens, who have attained their twentieth year—a reform that certain European nations might well envy.

“It must be remembered that at the moment of the declaration of war, on the 2d of August, 1914, Egypt was independent under the sole suzerainty of the Sultan of Turkey. This suzerainty, approved in 1840 by the European powers, consisted in the payment each year by Egypt of a tribute of 15,000,000 francs to the Sultan—and that was all. Having done this, it had an absolute right recognized by the European powers, to manage its own affairs according to its fancy and to have its own constitution. I know well that little by little England, by the force of her armies, had got hold of Egyptian institutions, that the members of the Government were hardly anything more than English officials, and that the President of the Legislative Assembly is appointed by the Government. But this was putting into practice the formula against which we are all struggling: ‘Might is right.’ England had no precise and express right in Egypt. The most famous English politicians, the heads of the Government, have said so on several occasions, as, for instance, Gladstone, who in the House of Commons as far back as the 23d of June, 1884, stated:

“‘We pledge ourselves not to prolong our military occupation in Egypt beyond the 1st of January, 1888.’

“It is the same prime minister who said, on the 18th of September, 1885:

“‘England ought to withdraw from Egypt as soon as British honor will permit of it. We will never admit that there can be any question of annexation, of a protectorate, or even of an indefinite prolongation of the English occupation, and we repudiate all idea of any compensation whatsoever for the efforts and sacrifices that we have made up to this day. English policy is founded on an error, and what is best to be done in a matter like this is promptly to put an end to such an intervention.’

“It is Lord Salisbury who said on the 10th of June, 1887, in the House of Lords:

“‘Her Majesty’s Government, by virtue of its previous engagements and of the rules of international law, does not think that it can place Egypt under a protectorate. Its rule should be limited to coming to an understanding with the Porte to defend the interests of the Khedivè against political calamities and to main the statu quo in the valley of the Nile.’

“There has been a large number of the declarations, but to shorten matters I will only quote the one made by Lord Salisbury in the House of Lords on the 12th of August, 1889:

"We can not proclaim our protectorate over Egypt nor our intention to occupy it effectively and perpetually; this would amount to breaking the international pledges signed by England."

"Such was the state of the question during the occupation. In the agreement called the 'entente cordiale,' concluded in 1904 between France and England, article 1 begins as follows:

"The Government of His Britannic Majesty declares that it has not the intention to change the political state of Egypt."

"In the course of the discussion of the Fashoda affair, when England asked me to withdraw, it was not because the Sudan belonged or could belong to England; it was because of England's declaration that it was Egyptian territory. England has, then, clearly recognized on every occasion the independence of Egypt."

"Has the country, which was independent under the sole suzerainty of the Sultan and under the conditions that I have precisely indicated, become less deserving of our consideration during the war? Is there any reason for modifying, by lowering it, the political status of Egypt?"

"You know that Egypt came at once and took her stand with the Allies. It must not be forgotten that the silver thread to which I referred a moment ago still bound it to Turkey."

"Before Turkey declared war Egypt placed itself at the disposal of England—of the English consul general—by saying:

"If you will promise us our complete independence, if the English armies undertake to quit our country after the war, we will place our financial resources, our provisions, our arms, and our sons, all, in fact, that we possess, at your entire disposal; we are ready to go with you to the Continent to defend the interests of the Allies."

"To the offer thus made at this moment England replied by a downright refusal."

"Later the situation got worse. Turkey, who was suzerain over Egypt, went to war against the Allies. Egypt renewed its offer in the same way. The Sultan, he it noted, had proclaimed a holy war. Do not forget that Egypt is a Mussulman country, but a country of semi-European civilization, where a very lively sympathy for Europe exists. In spite of the powerful effect that the proclamation of the holy war might have on the peasant masses, who are profoundly Mussulman in sentiment, Egypt, attracted by European culture, came to us and said once more: 'Insure us our independence after the war and we are with you, body and soul.'

"We have made use of Egypt; it is the Egyptian artillery which checked the impetus of the German-Turkish armies in February, 1915, when these armies tried to seize the Suez Canal and to cut our communications. Egypt put its cotton at the disposal of Europe. Later on, in face of the necessity of growing wheat, it abandoned the profitable production of cotton in order to cultivate wheat, and it put all its provisions at the disposal of the army of Salonica, which it victualled to a great extent."

"With a population of 13,000,000 of inhabitants it has placed 1,200,000 workers at the disposal of the Entente—a figure recognized as exact by the English."

"All this Egypt has done for the Entente. Have we now the right as a recompense for these services to violate the very

principles that everyone here invokes, the principles which have been laid down with precision by President Wilson, when, for instance, he said, 'Peoples ought not be passed on from one sovereignty to another by an international conference or an arrangement between rivals and adversaries.' ['Hear, hear,' from several benches of the extreme left.] The national aspirations ought to be respected. The peoples ought to-day be governed by their own consent.

"Is it not there, besides an international interest, that Egypt shall not be placed under the domination of a European power? I have here under my eyes a short extract from a speech of M. de Freycinet, then prime minister, who on the 27th of November, 1886, summed up admirably the Egyptian question by saying:

"Egypt is a sort of crossing for the Old World. It is a junction between Europe, Asia, and Africa. It is a highway which permits of the penetration of the Far East possessions. Besides, he who is master of Egypt is master to a great extent of the Mediterranean. It is certain that if a great power installed itself definitely in Egypt this would be a very heavy blow to French influence in the Mediterranean in such a manner that, in my estimation, France ought never reconcile herself to the idea that Egypt could definitely fall into the hands of a European power.' ['Hear, hear,' from the extreme left.]

"This is an undoubted fact. And the question ought not to be examined merely from a material standpoint, but also from a moral point of view. This Mussulman country into which European civilization penetrates little by little is being driven by us into a corner where violence is its only recourse. This is henceforth its only political issue. We could, however, have made of Egypt a point of contact between eastern and western civilization. ['Hear, hear,' from the extreme left.] This is exactly what we are not doing.

"Not only will this country, which came of its own accord to the Entente, receive no compensation, but by virtue of the treaty of peace its bounds will be tightened and its chains made heavier.

"* * * * in this Chamber, which during such a long time and so very justly complained of the Bismarckian policy, which had left in the side of France the painful scar of Alsace-Lorraine, it is my desire to declare that it is helping to create at this moment another Alsace-Lorraine.

"M. JEAN LONGUET. Ten Alsace-Lorraines.'

"M. GOUDE. Certainly, many Alsace-Lorraines; but this one is particularly characteristic. * * *

"Egypt, which during the whole of the war and in order to insure the victory of the Allies, has endured without complaining the yoke of English militarism, which has borne with all the measures of censure, with all the house searches, trial sentences, etc.

"M. JEAN LONGUET. With the atrocities!

"M. GOUDE. Atrocities. Yes; that is the word. Egypt will have no more of that now. It is in full open revolt. You are aware that the president of the Egyptian Council (Egyptian prime minister), who, however, is a nominee of the English and in a certain sense an English official, found the Egyptian people so unanimous against this domination and the pro-

tectorate that he resigned. You know that the officials who are specially under English authority, seeing that their written protests were distorted, went out on a general strike in order to emphasize their vote of independence. You are aware that the workmen are on strike; that revolts have taken place in the streets, in which all classes and creeds have been united by a common determination to win independence; that crowds have been fired upon; that there have been massacres; and that condemnations have been pronounced.

"Here we have a university professor—a fellow—condemned to penal servitude for life for having made a speech in favor of independence. Here, again—to mention one case amongst many others—we have Ibrahim Chalami sent to the gallows for having cried out at the head of a demonstration, 'Liberty, equality, fraternity.'

"M. BARTHE. They condemn even those who cry "Long live France."

"M. GOUDE. There are thousands of examples of this kind. To maintain its protectorate, England has at present 150,000 soldiers; she is obliged to keep soldiers in every village, because amongst university men, notables, commercial men, fellahs, no one will accept this domination at any price and everyone demands independence. Thrilling appeals have been addressed to President Wilson, M. Clemenceau, to the chairman of our peace commission, to the Italian, American, and English Parliaments.'

"M. JEAN LONGUET. They are all deaf.'

"M. GOUDE. But at all times and everywhere everybody remains deaf except, however, the American Senate, the commission of which has proclaimed that Egypt ought to be as independent of English diplomacy as of Turkish diplomacy, and that it must be left master of its own destinies.'

"Monsieur le President of the Council," said the orator addressing M. Clemenceau, 'not only have you abandoned Egypt that you know personally, since, I repeat to you, you have spoken very hard words against our friends, the English, from this very tribune when this question was under discussion, but, what is graver still—what seems to me monstrous—is that a peace conference brought together to settle the question of the entire world has, upon the orders of the English Government, refused to hear the Egyptian delegation, composed, as you well know, of the president of the Chamber of Deputies of that country, of members of Parliament, of representatives of the intellectual classes, and of Egyptian notables. And by refusing to hear them you have precipitated Egypt into the only path left open to it—the path of violence!

"I ask you, M. the president of the council, how can Egypt otherwise get out of the situation in which you have placed it? Yes; by your attitude and your decisions you have decreed for that country violence and revolution.

"You said of Egypt that its inhabitants were pacific and docile—too docile, perhaps. A heap of iniquities have indeed been necessary to provoke the revolt of such a peaceable race.

"How is it possible to better such a situation? Is there any means of doing so? To whom should the Egyptian national representatives apply? They already have tried all the means at their disposal.

"The vice president of the Chamber of Deputies and several of his colleagues have been imprisoned simply because they wanted to come to Europe to be heard by a delegation of the peace conference. And never at any single moment has this conference been willing to listen to them.

"More than that, the Egyptian Army has been utilized during the war to occupy Hedjaz. The Egyptian armies have been equally employed to occupy Soudan and put a stop to the German maneuvers. To-day at the conference of the peace, the King of Hedjaz is received—a King entirely of English manufacture created in order that England might have an additional vote. And this King, who has just come into existence, who represents a country inhabited exclusively by nomadic tribes—this King has been given the right to sign a treaty in which a protectorate has been imposed on the neighboring Egyptian people.

"To this point have you gone in your injustices toward Egypt, and yet, M. le president of the council, when you delivered the speech that I have recalled—on the question of Egypt and the Anglo-French relations—you concluded by saying: 'Assuredly if the end of the Anglo-French alliance such as it has been depicted to us and such as it would be applied in practice was to organize with our aid the slavery of the Egyptian people and to reduce them to the position of an inferior race, I would repudiate it with the greatest energy, and I would say to our pretended allies—to our accomplices, I should call them—that I refund my share of responsibility in such a reprehensible undertaking.'

"Thirty years ago you expressed yourself in this manner. Since then Egypt has progressed; it has come closer and closer to European civilization. And you want to-day to make us share the responsibility for the crime committed against Egypt in the peace treaty. For my part, I will not lend myself to it. Besides, I am certain that the English people repudiating English bourgeois traditions [applause on some benches of the extreme left] and united with the French people, will soon redress the injustice and the crime that you are committing by once more enslaving Egypt. [Applause at extreme left.]"

AMERICAN VIEWS.

"President Wilson, in his great address at Mount Vernon, the home of Washington, on July 4, 1918, said:

"There can be but one issue. The settlement must be final. There can be no compromise. No half-way decision would be tolerable. No half-way decision is conceivable. These are the ends for which the associated peoples of the world are fighting, and which must be conceded them before there can be peace. * * * The settlement of every question, *whether of territory or sovereignty or economic arrangement or of political relationship upon the basis of the free acceptance of that settlement by the people immediately concerned and not upon the basis of the material interest or advantage of any other nation or people which may desire a different settlement for the sake of its own influence or mastery.* * * * What we seek is the reign of law based upon the *consent of the governed and sustained by the organized opinion of mankind.*' [Italics ours.]

"Shall Egypt, without the consent of the Egyptians, be turned over to England for the sake of England's influence or mastery?"

"In the 14 points advanced by President Wilson we find the following pertinent and applicable provisions:

"Point 14. A general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of *political independence and territorial integrity to great and small States alike.*' [Italics ours.]

"This principle applied to Egypt would lead to a conclusion directly opposite to the indorsement of the British seizure of Egypt and destruction of Egypt's independence.

"Applying the principle of the seventh point to Egypt and only substituting the word 'Egypt' for 'Belgium,' the seventh point would read:

"'Egypt, the whole world will agree, must be evacuated and restored without any attempt to limit the sovereignty which she enjoys in common with all other free nations. No other single act will serve as this will serve to restore confidence among the nations in the laws which they have themselves set and determined for the government of their relations with one another. Without this healing act the *whole structure and validity of international law is forever impaired.*' [Italics ours.]"

THE QUESTION OF EGYPT.

[From the Washington Post, Thursday, Oct. 16, 1919.]

"The question of Egypt's status is brought to the front by Senator OWEN's proposed reservation—interpretative resolution—to the peace treaty. The fact that this reservation—resolution—is offered by a Democrat, a strong supporter of the President, increases the weight of the objections which are finding voice in the United States against the snuffing out of the principle of self-determination of well-defined nationalities. President Wilson gained the support of liberty-loving men throughout the world when he set forth that principle and announced that it would be made effective at Paris. In so far as the conference adhered to this principle its work was good and permanent, and wherever the principle was violated there have been disorders and threats of war.

"Senator OWEN's proposed reservation (resolution) provides that the British protectorate over Egypt shall be recognized as merely a means through which the nominal suzerainty of Turkey over Egypt shall be transferred to the Egyptian people, and shall not be construed to mean recognition by the United States of British sovereignty over the Egyptian people.

"The story of British ascendancy over Egypt, now apparently to culminate in the extinction of self-government, is comparatively brief. The first occupation by British troops was in 1882 and the ostensible object was to suppress a rebellion against the Khedive. The occupation was to be only temporary, according to Premier Gladstone. He declared that England had given 'specific and solemn pledges to the world' that it would not annex Egypt, and he added that these pledges had earned for England the confidence of Europe. Evidently there was no intention at that time to absorb Egypt. Yet the troops were not withdrawn, and have never been withdrawn, notwithstanding

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the persistent efforts of the Egyptian people to recover the practical independence they had enjoyed.

"After the World War began the British Government removed the Khedive and appointed another, as a war measure, and announced that Egypt was placed under a British protectorate. The Egyptian people might have been alarmed by this had not King George himself sent a letter to the Egyptians, telling them that the change was but a step toward the complete independence of the people, and that the protectorate would endure only during the war period. This reassurance was satisfactory, and the Egyptians joined the Allies heartily, furnishing troops and large numbers of laborers who built the railroads, pipe lines, and other military works in Palestine and elsewhere.

"When the armistice was signed the Egyptians believed the day of their national independence to be at hand. They sent a commission to Paris to attend the peace conference and to arrange for recognition of the independence of Egypt. But the leaders of this commission were seized by British officers and deported to Malta, where they were placed in a German prison camp.

"From that hour there has been a smoldering volcano of revolt in Egypt. The people have had several serious clashes with British soldiers in which machine guns have quelled popular uprisings. In the meantime Great Britain has obtained from President Wilson a conditional recognition of the protectorate over Egypt, and in the peace treaty is a clause requiring Germany to recognize the protectorate.

"The intentions of Great Britain toward Egypt are somewhat confused in the minds of other Governments on account of conflicting statements issued by British authority. When the Egyptian question was before the Senate Committee on Foreign Relations on September 2, the British Embassy here made public a statement declaring that 'the British Government has carefully avoided destroying Egyptian sovereignty,' and that the British flag in Egypt covered only British military establishments. But the British foreign office a few days later announced that Great Britain had succeeded to the sovereignty of Turkey over Egypt and had acquired Egypt as spoils of war, apparently discarding the pledge of King George and developing a new policy of permanent control over Egypt.

"It may be that unfortunately worded or unauthorized statements by British officials are at the bottom of the public confusion. In that case a clear reaffirmation of Britain's intention to relinquish the protectorate and restore Egypt to its people as soon as the peace treaty is ratified would remove all apprehension. In the meantime, taking the treaty as it finds it, the Senate will doubtless adopt a reservation on the lines suggested by Senator OWEN, for it is quite evident that the United States can not consistently subscribe to a general principle of self-determination and independence of nations and yet concur in the involuntary absorption of Egypt by Great Britain."

EGYPTIAN BETRAYAL THE MOST HEINOUS OF THE REACTIONIST WRONGS.

[By George H. Shibley.]

"The case of the people of Egypt is a betrayal the most heinous of the reactionist wrongs.

"On December 21, 1914, five months after the opening of the war, the British Liberal Government, after deposing the Egyptian Khedive and placing in office a Sultan of their own choosing, spoke as follows to the people of Egypt in the name of the King of England:

"I feel convinced that you [the new Sultan] will be able, with the cooperation of your ministers and the protectorate of Great Britain, to overcome all influences which are seeking to destroy the independence of Egypt * * *.' (London Times.)

"And yet the so-called peace conference of the allied coalition governments *has actually refused to the 13,000,000 Egyptians their independence under the protection of the league of nations, and the British Reactionist Government has shot down hundreds of the Egyptians who had the manhood to assert their lawfully established rights, won in part of the lives and the sacrifices of we Americans!*

EGYPT'S SOVEREIGNTY VIOLATED.

[By Herbert Adams Gibbons, sometime fellow of Princeton University, author of the New Map of Europe, the New Map of Asia, the New Map of Africa, etc.]

"The 'interpretative resolutions' presented by Senator OWEN in the Senate on Tuesday greatly encourage liberal thinkers, who are dissatisfied with the treaty at Versailles not for party or internal but for international reasons. Senator OWEN is a Democrat and a loyal supporter of the administration. He makes it clear that he intends to vote for ratifying the treaty without amendment or reservation. But he feels that the Senate, while unqualifiedly accepting the document from a technical point of view, should not fail to let the world know how the United States stands in regard to many of its provisions.

"Senator OWEN wants the United States to start to work immediately for a change in the league covenant that will give freedom to subject States capable of self-government. Senator OWEN mentions specifically a great wrong done to a sovereign State by the treaty of Versailles.

"That the protectorate which Germany recognizes in Great Britain over Egypt,' reads the Owen resolution, 'is understood to be merely a means through which the nominal suzerainty of Turkey over Egypt shall be transformed to the Egyptian people and shall not be construed as a recognition by the United States in Great Britain of any sovereign rights over the Egyptian people or as depriving the people of Egypt of any right of self-government.'

"This resolution is apt to displease British public opinion, and Senator OWEN may be accused of indulging in the old sport of twisting the lion's tail. But the accusation is unfounded. If we allowed our natural sentiments of affection

for our kinsmen overseas to keep us silent at this time, we should find them getting away with a lot of booty—and ourselves unconsciously or unthinkingly giving sanction to high-handed and unjustified acts of oppression and international robbery. We can not be too strong in our condemnation, for instance, of the Anglo-Persian treaty, concluded secretly by intimidation and bribery at the very moment we are asked to give our cooperation to a society of nations which Persia is invited to join.

“The case of Egypt stands out with remarkable clearness. It is one of the few moot questions of the treaty of Versailles which has not two sides. The British protectorate over Egypt is an illegal action, not only violating the sovereignty of Egypt, but also the promises officially made by generations of British statesmen. No denial of this fact is possible. Open any history or go to British official correspondence published by the British foreign office, and you will read the repeated assurances given to the Egyptians and to the other powers that Great Britain did not intend to stay in Egypt and would not establish a protectorate over Egypt.

“The excuse for not hearing the representatives of Egypt at the peace conference was that the question of Egypt did not come within the scope of the conference. If this were valid, why did the treaty of Versailles mention Egypt? And what right had the powers to deal with Egyptian questions at all? But Egypt did enter within the scope of the conference, because it was a country whose status had been changed by the war and during the war. Technically, as well as morally, the Egyptians had as much right to participation in the conference as the Arabs of the Hedjaz, and more right to independence. For Egypt was only nominally under the suzerainty of Turkey. By her declaration of war against Turkey, the bond of vassalage was broken. *Ipsa facto* Egypt was independent.

“But the British, who were occupying the country, proclaimed—without taking into their confidence the Egyptian legislative assembly or asking the consent of the Egyptian people—their protectorate over Egypt. In war what is expedient is justifiable. Although formally protesting against this violation of pledges given and reiterated, the Egyptians co-operated loyally with the British throughout the war, waiting for the peace conference to decide upon the legality of British action. The prime minister, who consented to serve the new régime and who continued in office throughout the war, told me when I was in Cairo in 1916 that he was simply waiting until the end of the war to hold the British to their promises. After the armistice Rushdi Pasha asked to be allowed to go to London to take up the matter of the status of Egypt with the British. Permission was refused. A rigorous censorship was maintained. The Egyptians were held prisoners in their own country.

“Rushdi Pasha and the entire cabinet resigned. A period of military dictatorship began. When the elected representatives of the Egyptian people asked for passports to proceed to Paris, the British suddenly arrested without warrant or warning the president of the delegation and three of its leaders and deported

them to Malta. This led to the insurrection put down by machine guns and burning of villages. The British used the means of suppressing what they called 'rebellion' which the world roundly condemned the Germans for in Belgium. Finally, force of Egyptian public opinion compelled the release of the delegates and the granting of passports for Paris. But the Egyptian delegation, after its arrival in Paris, was never heard by the conference. The stipulation compelling Germany to recognize the British protectorate was inserted in the treaty of Versailles in defiance of the basic principle President Wilson had declared would be followed in making peace. A whole nation was robbed of its sovereignty and its international status changed against its will and, without having been heard, Egypt was Shantung over again.

"I would not have my readers think that I am writing without knowledge of the facts. A White Book has just been published by the Egyptian delegation, which contains documents setting forth the history of the past year. The British foreign office does not deny the authenticity of these documents. As for the men deported to Malta, I know them personally. No foreigner, even a Britisher, who knows Egypt can deny that these men are honorable and capable and that they represent the Egyptian people. The president of the delegation, Zagloul Pasha, is one of the best loved men in Egypt, a veritable father of his people; Mohammed Mahmoud Pasha, a graduate of Oxford, was formerly governor of the Suez Canal. The other members of the delegation include the Sheik of the Arabs of the Fayoum, the foremost landowners and lawyers in Egypt, and the librarian of the National Library. They are the cream of the Christian element and the Greek Orthodox and Catholic element, as well as the Mohammedan element. The Egyptians are united, irrespective of creed, in their determination not to be bartered from one sovereignty to another like cattle." * * *

"On November 6, 1918, Secretary of State Lansing published the following to the world:

"From the Secretary of State to the Minister of Switzerland, in charge of German interests in the United States.

"DEPARTMENT OF STATE,

"November 5, 1918.

"SIR: I have the honor to request you to transmit the following communication to the German Government:

"In my note of October 23, 1918, I advised you that the President had transmitted his correspondence with the German authorities to the Governments with which the Government of the United States is associated as a belligerent, with the suggestion that, if those Governments were disposed to effect peace upon the terms and principles indicated, their military advisers and the military advisers of the United States be asked to submit to the Governments associated against Germany the necessary terms of such armistice as would fully protect the interests of the peoples involved and insure to the associated Governments the unrestricted power to safeguard and enforce the details of the peace to which the German Government had agreed, provided they deemed such an armistice possible from the military point of view.

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“The President is now in receipt of a memorandum of observations by the allied Governments on this correspondence, which is as follows:

“The allied Governments have given careful consideration to the correspondence which has passed between the President of the United States and the German Government. Subject to the qualifications which follow, they declare their willingness to make peace with the Government of Germany on the terms of peace laid down in the President's address to Congress of January, 1918, and the principles of settlement enunciated in his subsequent addresses. They must point out, however, that clause 2, relating to what is usually described as the freedom of the seas, is open to various interpretations, some of which they could not accept. They must, therefore, reserve to themselves complete freedom on this subject when they enter the peace conference.

“Further, in the conditions of peace laid down in his address to Congress of January 8, 1918, the President declared that invaded territories must be restored as well as evacuated and freed, and the allied Governments feel that no doubt ought to be allowed to exist as to what this provision implies. By it they understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and their property by the aggression of Germany by land, by sea, and from the air.”

“I am instructed by the President to say that he is in agreement with the interpretation set forth in the last paragraph of the memorandum above quoted. I am further instructed by the President to request you to notify the German Government that Marshal Foch has been authorized by the Government of the United States and the Allied Governments to receive properly accredited representatives of the German Government, and to communicate to them the terms of the armistice.

“Accept, sir, with renewed assurances of my highest consideration.

“(Signed) ROBERT LANSING.”

“Among other things the President, on January 8, 1918, in his address to Congress said:

“We entered this war because violations of right had occurred which touched us to the quick and made the life of our own people impossible unless they were corrected and the world secured once for all against their recurrence. What we demand in this war, therefore, is nothing peculiar to ourselves. It is that the world be made fit and safe to live in; and particularly that it be made safe for every peace-loving nation which, like our own, wishes to live its own life, determine its own institutions, be assured of justice and fair dealing by the other peoples of the world as against force and selfish aggression. All the peoples of the world are in effect partners in this interest, and for our own part we see very clearly that unless justice be done to others it will not be done to us. The program of the world's peace, therefore, is our program; and that program, the only possible program, as we see it, is this:

“I. Open covenants of peace, openly arrived at, after which there shall be no private international understandings, of any

kind but diplomacy shall proceed always frankly and in the public view.

" II. Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

" III. The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

" IV. Adequate guarantees given and taken that national armaments will be reduced to the lowest point consistent with domestic safety.

" V. A free, open-minded, and absolutely impartial adjustment of all colonial claims, based upon a strict observance of the principle that in determining all such questions of sovereignty the interests of the populations concerned must have equal weight with the equitable claims of the Government whose title is to be determined.

" VI. The evacuation of all Russian territory and such a settlement of all questions affecting Russia as will secure the best and freest cooperation of the other nations of the world in obtaining for her an unhampered and unembarrassed opportunity for the independent determination of her own political development and national policy and assure her of a sincere welcome into the society of free nations under institutions of her own choosing; and, more than a welcome, assistance also of every kind that she may need and may herself desire. The treatment accorded Russia by her sister nations in the months to come will be the acid test of their good will, of their comprehension of her needs as distinguished from their own interests, and of their intelligent and unselfish sympathy.

" VII. Belgium, the whole world will agree, must be evacuated and restored, without any attempt to limit the sovereignty which she enjoys in common with all other free nations. No other single act will serve as this will serve to restore confidence among the nations in the laws which they have themselves set and determined for the government of their relations with one another. Without this healing act the whole structure and validity of international law is forever impaired.

" VIII. All French territory should be freed and the invaded portions restored, and the wrong done to France by Prussia in 1871 in the matter of Alsace-Lorraine, which has unsettled the peace of the world for nearly 50 years, should be righted, in order that peace may once more be made secure in the interest of all.

" IX. A readjustment of the frontiers of Italy should be effected along clearly recognizable lines of nationality.

" X. The peoples of Austria-Hungary, whose place among the nations we wish to see safeguarded and assured, should be accorded the freest opportunity of autonomous development.

" XI. Roumania, Serbia, and Montenegro should be evacuated; occupied territories restored; Serbia accorded free and secure access to the sea; and the relations of the several Balkan States to one another determined by friendly counsel along historically established lines of allegiance and nationality; and

international guarantees of the political and economic independence and territorial integrity of the several Balkan States should be entered into.

" XII. The Turkish portions of the present Ottoman Empire should be assured a secure sovereignty, but the other nationalities which are now under Turkish rule should be assured an undoubted security of life and an absolutely unmolested opportunity of autonomous development, and the Dardanelles should be permanently opened as a free passage to the ships and commerce of all nations under international guarantees.

" XIII. An independent Polish State should be erected which should include the territories inhabited by indisputably Polish populations, which should be assured a free and secure access to the sea, and whose political and economic independence and territorial integrity should be guaranteed by international covenant.

" XIV. A general association of nations must be formed under specific covenants for the purpose of affording mutual guaranties of political independence and territorial integrity to great and small States alike."

[Letter from King George to the Sultan of Egypt, published in London Times December 21, 1914.]

" * * * I feel convinced that you will be able, with the cooperation of your ministers and of the protectorate of Great Britain, to overcome all influences which are seeking to destroy the independence of Egypt * * *"

[Cablegram to Mahmud Pasha, Shoreham Hotel, from Mahmoud Soliman Pasha.]

" In an interview with Cairo newspapers on the 22d instant Rushdi Pasha—who was prime minister when the Khedive was dethroned by England and a Sultan appointed, and continued throughout the war as prime minister of Egypt and resigned toward the end of May last—declared that he never consented to the "protectorate" of Great Britain over Egypt, except that it was temporary and a war measure, and that it would disappear when the Allies' victory was complete. He asked England to hear him and to hear the Egyptian nation duly represented by the Egyptian delegation. He adds that Egypt's aid to England during the war was immense, and that 1,200,000 Egyptians served on the allied side."

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INTERNATIONAL FINANCIAL CONFERENCE

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

FRIDAY, JANUARY 16, 1920



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SPEECH
OF
HON. ROBERT L. OWEN.

INTERNATIONAL FINANCIAL CONFERENCE.

Mr. OWEN. Mr. President, I wish to call the attention of the Senate to a matter which I regard as of very great national and international importance. It is a proposal on the part of the leading business men of the United States and of the Governments of Europe for an international conference for the purpose of bringing about a readjustment of the credits of the world.

The American dollar has lost in its purchasing power in an important way during the last few years; that is, in terms of commodities, but not in terms of gold.

The reasons why the American dollar has lost in its purchasing power I wish to call to the attention of the Senate.

First, it is due to a great world shortage of commodities arising from the destruction incident to the war, the stoppage of the processes of production and distribution of goods during the war, and the extraordinary demand from Europe for the products of this country; second, great gold imports in exchange for goods, about \$1,100,000,000; third, the expansion of credits in the United States. We have issued an enormous amount of bonds. Not only has the United States expanded its bond issues on a very large scale, amounting to over \$26,000,000,000, but our municipalities and our States have expanded these forms of credit. Such bonds in the hands of the people are readily converted into money under our system.

The expansion of bank deposits, easily converted into money, other stocks and bonds, easily salable on the stock exchange and convertible into money, and in America these dollars are exchangeable for gold, and the holder of a note can obtain gold at his option.

The same thing has happened abroad; there has been in the Old World an expansion of credits in the form of bonds and other securities on a gigantic scale, and, still worse, a huge inflation of paper currency, no longer redeemable in gold.

As a currency increases in quantity it diminishes pro rata in its purchasing power, in its power to obtain goods by exchange of money for goods.

I call attention to the fact that the so-called resources, and liabilities as well, of the national banks have increased from \$10,000,000,000 to \$21,000,000,000 in the last half dozen years—since 1913. The expansion of the so-called resources, which means also liabilities, upon the part of all of the banks of the United States, including all classes of banks, have increased from \$25,000,000,000 to \$47,000,000,000. The same kind of expansion has been going on in Europe. Because of these factors the American dollar has lost a part of its purchasing power in America, and the purchasing power of the currency of Europe has been still further diminished, measured in terms of American

gold, because of the inflation there. The German mark has gone down to from approximately 24 cents in gold to 1.8 cents in gold; the same currency in Poland is worth 0.8 of a cent; in Roumania 0.7 of a cent; and in all other countries which have been torn by war the expansion of currency has diminished the purchasing power of that currency, as with the French franc and the Italian lire; so that when you come to exchange these forms of currency for the American dollar the exchange rate has gone down so severely that the pound sterling, which has always been regarded as the standard currency of the world, if I may use such an expression. The pound sterling is bringing \$3.73 instead of \$4.86; the French franc instead of exchanging 5.18 francs for \$1—a dollar of this diminishing purchasing power—is exchanging at the rate of 11.50 francs for the dollar, and the Italian lire 13 and a fraction for the dollar. The consequence is that the export business of the United States—and I call the attention of the Senate to its responsibility in this matter—is being tremendously interfered with.

I have appealed from time to time to the administration to try to bring about an adjustment of this matter by an international conference, and, without pausing to read it, I place in the RECORD a letter which I addressed to the President of the United States on November 6 last, one of a series of efforts which I have made to attract the attention of the Senate and the attention of this Government to the importance of this question.

The PRESIDENT pro tempore. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

NOVEMBER 6, 1919.

The PRESIDENT,

The White House.

MY DEAR MR. PRESIDENT: Will you not permit me again to call your attention to the importance of stabilizing international exchange? Our excess commodity shipments over imports have fallen from six hundred millions in June to one hundred and fifty-eight millions in September. Our export houses are in distress and the exchange rates are going down to the lowest recorded point.

Francs, 9.05; lire, 11.07; sterling, 4.15.

The British sterling was sustained by a recent loan of two hundred and fifty millions placed in the United States.

British currency, French currency, Italian currency have gone through a serious inflation, and their paper money is not on a gold par basis. The Italians buying American goods must pay the present high prices plus very high transportation charges; for example, \$28 a ton on coal plus twice the total in lire. It is obvious that this is ruinous to our foreign commerce with Italy and is making it impossible for our allies to get back to normal production as promptly as we had hoped.

The Europeans can not sell credits in the terms of their currency, because they are not only not on a gold basis but there is reason to fear further inflation in the absence of a declared policy to the contrary.

The gold standard is temporarily broken down and ought to be promptly restored. It can be done.

The investing public of the United States is able and would be willing to extend the credits necessary to finance our foreign ex-

ports, provided the mechanism were available and sound economic policies were declared by the Governments whose trade is involved.

The problem is well understood by many men, but apparently is not well understood by the men and officials responsible for government.

I regard this question as of the first magnitude and I respectfully request you to invite an international exchange conference to be held in Washington City with representatives of the leading nations of Europe present to meet with your representatives here.

I request that this suggestion be submitted to the Secretary of the Treasury, the governor of the Federal Reserve Board, and the Secretary of Commerce for an immediate report to you.

Yours, very respectfully,

ROBT. L. OWEN.

Mr. OWEN. I ask to place in the RECORD, without reading, the action taken in New York on the 14th of January, as reported in the New York Times of the 15th of January, in which the representative men of the United States and of Great Britain, of Holland, of Switzerland, of Denmark, Norway, and Sweden urged an international conference. In order to have the Senate realize that this is a very urgently important matter, I call the attention of the Senate to the names of some of these men, including Edwin A. Alderman, of the University of Virginia; Robert L. Brookings, of St. Louis; Cleveland H. Dodge, of New York; Charles W. Eliot, of Cambridge, Mass.; James B. Forgan, of Chicago; Arthur T. Hadley, of Yale College; Myron T. Herrick, of Cleveland; Herbert Hoover, of San Francisco; Darwin P. Kingsley, of New York, president of the New York Life Insurance Co.; George H. McFadden, a great cotton exporter of Philadelphia; A. W. Mellen, of the Mellen Bank of Pittsburgh; J. P. Morgan, of Morgan & Co., New York; George M. Reynolds, of Chicago; Elihu Root, of New York; Charles H. Sabin, of New York, president of the Guaranty Trust Co., and a large number of others.

I am not going to read the statement made by these men, but I put it in the RECORD, and I appeal to Senators who are interested in the commerce of this country to look at it and see what it means. I think it is of the greatest possible importance that the stability of the credits of the world should be brought about as speedily as possible.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from North Dakota?

Mr. OWEN. I yield to the Senator.

Mr. GRONNA. I am aware of the fact that the Senator from Oklahoma has given this matter a great deal of study. I should be very much pleased to have the Senator outline or suggest the remedy.

Mr. OWEN. The remedy, Mr. President, is not very easy, and it is easier to ask the question than it is to answer it, but I will undertake to answer it.

Mr. GRONNA. I ask the question, and I think I have a right to ask it, for the reason that only a short time ago the Senator from Oklahoma and other Senators argued that the passage of a certain measure which was then before the Senate would

remedy the situation. The Senator knows as well as I know, and perhaps better, that it has not remedied the situation.

Mr. OWEN. I prefer the Senator should not state what the Senator from Oklahoma knows, because he might exceed the mark. I will make the observation to the Senator, however, that I stated repeatedly that the Edge bill was only a palliative in a small degree. I favored it only on that ground; but it was all the Republican Senators would agree to and it is inadequate. I offered other remedies that were refused support; it did not at all meet the requirements which I thought were necessary.

In order to bring back the world to a condition of stability many things are necessary; it will be necessary to deflate the currency, which at present is being expanded by the printing press without responsibility in some countries. Russia has gone to such an extent that the Russian ruble is put out by the billions upon top of billions, without any intention of ever redeeming it, with a steadily diminishing value.

Mr. GRONNA. Mr. President, will the Senator yield?

Mr. OWEN. I yield to the Senator from North Dakota.

Mr. GRONNA. I am sure the Senator has given this matter more attention than I have; but, if he will permit me, I will say that, so far as I am concerned, I do not agree with him that we should help to deflate the currency, nor do I believe that that is a remedy. In my humble judgment the remedy is to help Europe produce more, so as to enable her to offset her debts, her obligations, with her products. That will regulate it, and not any act to deflate the currency, either in this country or in any other country.

Mr. OWEN. The Senator has not permitted me, of course, to answer the question he originally propounded. He has answered it himself in part, and I agree with him in the answer he has made, so far as to assert it is absolutely necessary that Europe be put back upon production. Men must work, economize, and create values, but the mechanism of exchange, the moneys of the world, must be put on a basis of stability, on a known basis of value, and men must not use the printing press to issue securities without intention of redemption nor without the ability to redeem. These countries, however, in order to be put back on a condition of stabilized credit must stop inflating their currency and must put their currency back upon a basis which will be approximately the same basis—the gold basis or some other agreed basis—which is common to the whole world.

The European nations must adjust their budgets to their income from taxes and keep within their income because until they do the inflation will continue in currency and in bonds.

They must bring their currency back to par of gold and do it by an arbitrary adjustment at the present relative value of such currency.

They must adjust their war bonds to same standards and issue new bonds payable in gold on long time and low rate so that the taxpayers shall only pay the present gold value of such bonds and not be required to pay from three to ten times the present gold value of such bonds.

Mr. KIRBY. Mr. President—

Mr. OWEN. I yield to the Senator from Arkansas.

Mr. KIRBY. I understand the condition as stated by the Senator from Oklahoma. I do not understand, however, whether

the remedy suggested or that might be suggested by the conference would be one that would enhance the value of the dollar on the other side or reduce the value of the dollar on this side. In other words, I understand that both our dollars have become cheap in the way of purchasing commodities, but on the other side of the world their money has become so much more cheap that they have to pay two or three times in products the price of our dollar in order to trade with us, and on that account trade languishes. Now, would we increase the price of the dollar on the other side; and if so, how can it be done unless at the expense of our own dollar?

Mr. OWEN. In order to arrive at a just understanding of this matter it is necessary to observe what the foreign exchanges really mean. Take, for instance, the exchanges of Norway and of Sweden and of Holland and of Switzerland. While they are affected by the excess of commodity shipments from the United States, they are not affected by an inflation of their currency. The same thing is true of the exchanges with regard to Spain. Spain being upon a gold basis and the commodity shipments being somewhat in excess to Spain in our favor, the Spanish peseta is a little below par; but side by side, across an invisible line, you enter into France, and there the French franc is worth only one-third of a peseta, approximately, although nominally each is equal to 19.30 cents in gold, showing that the inflation of the currency in France has affected the value of the currency, in addition to the balance of trade being against them. The balance of trade affects all of Europe, of course; but it is shown by the currency of Holland and the currency of Norway and Sweden and Switzerland and Spain that they are only comparatively slightly affected by the balance of trade in our favor, while Great Britain is more seriously affected, because it has inflated its currency, and France still more, because the inflation there has gone to a point where they have outstanding now 38,000,000,000 francs, amounting to approximately \$200 per capita of money in circulation, while here we have \$56 as a gross, and about \$46 per capita, considering the amount which is sequestered in the reserve banks.

The following table will make this clear:

Foreign exchanges.

	Normal rate.	To-day's rate.	Dis- count.	
			<i>Per ct.</i>	
London.....	\$4.86.....	\$3.72.....	24	Currency in- flated.
Paris.....	5.18 francs per dollar.	11.50 francs....	55	Do.
Belgium.....	5.18 francs per dollar.	11.40.....	54	Do.
Italy.....	5.18 lire to dol- lar.	13.20.....	62	Do.
Germany.....	\$23.83.....	\$1.75.....	90	Currency grossly inflated.
Russia.....	\$51.44.....	\$3.....	95	Do.
Holland.....	\$40.20.....	\$37.37.....	9	Currency near normal.
Switzerland.....	\$5.18.....	\$5.56.....	7	Do.
Spain.....	19.30 cents....	19.10 cents per peseta.	1	Currency normal.

Great Britain has doubled its currency during the war and more than doubled the deposits, and gold bought with English money costs 110 shillings an ounce instead of 79 shillings, the normal rate, before the war—a discount of 25 per cent in the purchasing power of English paper money.

Neither Great Britain, France, Belgium, Italy, Austria, Germany, Russia, or any of the east European belligerents are on a gold basis.

It will take world action to put them into production and world credits. They can not buy; they can not pay unless assisted by international and internal reconstruction legislative action. If they do not buy and do not pay, it will seriously threaten our financial and commercial stability. Our foreign exports must cease.

Our banks holding great amounts in foreign securities and credits will be put in serious danger and industrial disturbances of a grave nature may be anticipated. No time should be lost. Much valuable time has been lost already.

The peace treaty should be ratified at once with or without reservations.

I want to call the attention of Senators to this matter, because it vitally effects every single State in the Union. It affects the value of the manufactured products of New England, and of the cotton of the South, and of the wheat of the West, and of the mineral ores of our various States; and you gentlemen who are responsible to this country ought to understand this and ought to consider it. Now, here the business men of the country are going to call an international conference of the first magnitude and bring the leading business men of the whole world together to try and solve this problem, so that they with their combined forces can appeal to the statesmen of the world to take the steps necessary to stabilize the world and to reconstruct the world and to put it upon a basis of stability and credit, so that our merchants and manufacturers can interchange their commodities, because after all it is an interchange of commodities or an interchange of the products of labor. What the Senator from North Dakota said was truly said, that the remedy at last is work, orderly work, and avoiding extravagance in government and extravagance in private life. The remedy is to restore the world by personal economy and by personal production and by improving the processes of distribution, but the mechanism of exchange and of currency is absolutely essential to the conduct of international business.

The Governments of Europe must act and put their budgets in order; must deflate their currency; must readjust their war debts; must arrange to underwrite the loans needed to buy raw material and seed and supplies to start production; and the nations able to furnish the raw material and credits should do so by opening the doors to the investment public and having the loans properly secured by the nations seeking credits for their citizens.

When a convention is called to arrange these details, the representatives of labor should be present; and, above all, the representatives of the highest rank in the various Governments should participate to see that justice is done to the people who will meet the burdens of these readjustments.

The PRESIDENT pro tempore. The request of the Senator from Oklahoma is granted.

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The matter referred to is as follows:

[From the New York Times of Thursday, Jan. 15, 1920.]

POWERS TO CONFER ON WORLD FINANCE—SIMULTANEOUS APPEAL TO NATIONS TO CALL INTERNATIONAL ECONOMIC CONFERENCE—NATIONAL LEADERS SIGN IT—PLAN PROPOSES TO LIMIT CREDITS AND FORCE THE PEOPLE TO REHABILITATE EUROPE—PRIVATE AID IS SUGGESTED—LESSENING OF THE FINANCIAL DEMANDS ON GERMANY AND AUSTRIA MADE IN TREATY PROPOSED.

"A request that representatives be appointed as soon as possible to an international economic conference is being made simultaneously to-day to the Governments of Great Britain, France, Holland, Switzerland, Denmark, Norway, and Sweden to the United States Government, the Reparation Commission, and the United States Chamber of Commerce. The request is in the form of a memorandum, which sets forth, in brief outline, the ideas of the various signatories as to how the work of rehabilitating the world's financial and commercial structure should be undertaken.

"The precise origin of this movement has not been disclosed. Leading American financiers who are interested in it declined yesterday to say whether or not the matter had first been broached by them or by some interests in Europe. However, great stress was laid on the widespread demand for such a conference, and it was said that within the last few weeks what virtually amounted to spontaneous petitions for such a conference had been received by the leading financial and commercial representatives of all the countries which have become parties to the memorandum.

"Abroad, the request is directed to the several Governments. They, according to the plan, are to appoint the delegates to the proposed conference. In the United States a somewhat different procedure is being adopted. The United States Chamber of Commerce is asked to appoint the American delegates, partly because of its Nation-wide affiliations and partly because here it is desired to have participation in the conference kept on an unofficial basis. The American signatories feel that the problems outlined in the memorandum should be met, as far as is possible, through private initiative, but with the United States Government extending its moral support.

OPPOSED TO PAISH CREDIT PLAN.

"The memorandum takes issue squarely with the scheme, recently attributed to Sir George Paish, of an international credit arrangement in which all of the leading Governments should take active part. Quite the opposite position is assumed by emphasizing the necessity of encouraging to the greatest extent possible 'the supply of credit and the development of trade through normal channels.'

"The proposed conference will be composed of representatives of the leading countries, both belligerent and neutral, of Europe, the central European countries, Japan, and the chief exporting countries of South America. These representatives, it is further purposed, will bring with them all pertinent information, and it is expected that as a result of the conference recommendations will be made as to what measures may best be taken in the various countries in order to revive and maintain international commerce.

"One of the American signatories, in commenting on the request for the conference, said:

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"One might sum up the document as a call to the people to return to prewar standards of reason, an appeal to the reparations commission for wise moderation as to the best business policy for all concerned; an appeal to Governments to arrest inflation and meet inevitable burdens by increasing their revenue rather than by further increasing their debts; an appeal to the people to work and to save; and, finally, an appeal to leaders of commerce and finance to get together in order to study the problem dispassionately and take it up as a business proposition, relying on independent action rather than Government intervention. Governments must be relied upon, however, to remove as rapidly as possible the obstacles that impede such a course."

MEMORANDUM TO THE GOVERNMENT.

"The full text of the memorandum submitted to the United States Government, the reparations commission, and the United States Chamber of Commerce follows. It is substantially the same as the documents submitted abroad:

"The undersigned individuals beg leave to lay before their Government, the reparations commission, and the Chamber of Commerce of the United States the following observations and to recommend that the Chamber of Commerce of the United States designate representatives of commerce and finance to meet forthwith (the matter being of the greatest urgency) with those of other countries chiefly concerned, which should include the United Kingdom and the British dominions, France, Belgium, Italy, Japan, Germany, Austria, the neutral countries of Europe, the United States, and the chief exporting countries of South America, for the purpose of examining the situation briefly set forth below and to recommend upon the basis of authentic information what action in the various countries is advisable among the peoples interested in reviving and maintaining international commerce.

"They venture to add to the above recommendation the following observations:

"The war has left to conqueror and conquered alike the problem of finding means effectively to arrest and counteract the continuous growth in the volume of outstanding money and of Government obligations, and, its concomitant, the constant increase of prices. A decrease of excessive consumption and an increase of production and taxation are recognized as the most hopeful, if not the only, remedies. Unless they are promptly applied, the depreciation of money, it is to be feared, will continue, wiping out the savings of the past and leading to a gradual but persistent spreading of bankruptcy and anarchy in Europe.

THE PERILS OF INFLATION.

"There can be no social or economic future for any country which adopts a permanent policy of meeting its current expenditure by a continuous inflation of its circulation and by increasing its interest-bearing debts without a corresponding increase of its tangible assets. In practice, every country will have to be treated after careful study and with due regard to its individual conditions and requirements. No country, however, is deserving of credit, nor can it be considered a solvent debtor, whose obligations we may treat as items of actual value in formulating our plans for the future that will not or can

not bring its current expenditure within the compass of its receipts from taxation and other regular income. This principle must be clearly brought home to the peoples of all countries, for it will be impossible otherwise to arouse them from a dream of false hopes and illusions to the recognition of hard facts.

"It is evident that Germany and Austria will have to bear a heavier load than their conquerors, and that, in conformity with the treaty of peace, they must bear the largest possible burden they may safely assume. But care will have to be taken that this burden does not exceed the measure of the highest practicable taxation and that it does not destroy the power of production, which forms the very source of effective taxation.

"For the sake of their creditors and for the sake of the world, whose future social and economic development is involved, Germany and Austria must not be rendered bankrupt. If, for instance, upon close examination the commission des réparation finds that, even with the most drastic plan of taxation of property, income, trade, and consumption the sums that these countries will be able to contribute immediately toward the current expenses of their creditors will not reach the obligations now stipulated, then the commission might be expected to take the view that the scope of the annual contribution must be brought within the limits within which solvency can be preserved, even though it might be necessary for that purpose to extend the period of installments.

"The load of the burden and the period during which it is to be borne must not, however, exceed certain bounds; it must not bring about so drastic a lowering of the standard of living that a willingness to pay a just debt is converted into a spirit of despair and revolt.

"It is also true that among the victorious countries there are some whose economic condition is exceedingly grave, and which will have to reach the limits of their taxing powers. It appears, therefore, to the undersigned that the position of these countries, too, should be examined from the same point of view of keeping taxation within the power of endurance and within a scope that will not be conducive to financial chaos and social unrest.

THE PROBLEM OF CAPITAL.

"When once the expenditure of the various European countries has been brought within their taxable capacity, which should be a first condition of granting them further assistance, and when the burdens of indebtedness as between the different nations have been brought within the limits of endurance, the problem arises as to how these countries are to be furnished with the working capital necessary for them to purchase the imports required for restarting the circle of exchange, to restore their productivity, and to reorganize their currencies.

"The signatories submit that, while much can be done through normal banking channels, the working capital needed is too large in amount and is required too quickly for such channels to be adequate. They are of opinion, therefore, that a more comprehensive scheme is necessary. It is not a question of affording aid only to a single country, or even a single group of countries which were allied in the war. The interests of the whole of Europe, and indeed of the whole world, are at stake.

“ It is not our intention to suggest in detail the method by which such international cooperation in the grant of credit may be secured. But we allow ourselves the following observations:

“ 1. The greater part of the funds must necessarily be supplied by those countries where the trade balance and the exchanges are favorable.

“ 2. Long-term foreign credit, such as is here contemplated, is only desirable in so far as it is absolutely necessary to restore productive processes. It is not a substitute for those efforts and sacrifices on the part of each country, by which alone they can solve their internal problem. It is only by the real economic conditions pressing severely, as they must, on the individual that equilibrium can be restored.

“ 3. For this reason, and also because of the great demands on capital for their own internal purposes in the lending countries themselves, the credit supplied should be reduced to the minimum absolutely necessary.

“ 4. Assistance should as far as possible be given in a form which leaves national and international trade free from the restrictive control of Governments.

“ 5. Any scheme should encourage to the greatest extent possible the supply of credit and the development of trade through normal channels.

“ 6. In so far as it proves possible to issue loans to the public in the lending countries, these loans must be on such terms as will attract the real savings of the individual; otherwise inflation would be increased.

“ 7. The borrowing countries would have to provide the best obtainable security. For this purpose it should be agreed that—

“ a. Such loans should rank in front of all other indebtedness whatsoever, whether internal debt, reparation payment, or interallied governmental debt.

“ b. Special security should be set aside by the borrowing countries as a guarantee for the payment of interest and amortization, the character of such security varying perhaps from country to country, but including in the case of Germany and the new States the assignment of import and export duties payable on a gold basis, and in the case of States entitled to receipts from Germany a first charge on such receipts.

MUTUAL HELPFULNESS PARAMOUNT.

“ The outlook at present is dark. No greater task is before us now than to devise means by which some measure of hopefulness will reenter the minds of the masses. The reestablishment of a willingness to work and to save, of incentives to the highest individual effort and of opportunities for every one to enjoy a reasonable share of the fruit of his exertions must be the aim toward which the best minds in all countries should cooperate. Only if we recognize that the time has now come when all countries must help one another can we hope to bring about an atmosphere in which we can look forward to the restoration of normal conditions and to the end of our present evils.

“ In conclusion the signatories desire to reiterate their conviction as to the very grave urgency of these questions in point of time. Every month which passes will aggravate the problem and render its eventual solution increasingly difficult. All

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the information at their disposal convinces them that very critical days for Europe are now imminent and that no time must be lost if catastrophes are to be averted.

AMERICAN SIGNATORIES.

"The American signatories are: Edwin A. Alderman, University of Virginia; Frank B. Anderson, San Francisco; Julius H. Barnes, Duluth; Robert L. Brookings, St. Louis; Emory W. Clark, Detroit; Cleveland H. Dodge, New York; Charles W. Eliot, Cambridge, Mass.; Herbert Fleischhacker, San Francisco; James B. Forgan, Chicago; Arthur T. Hadley, Yale College; R. S. Hawkes, St. Louis; A. Batron Hepburn, New York; Myron T. Herrick, Cleveland; Lolis W. Hill, St. Paul; Herbert Hoover, San Francisco; H. E. Judson, University of Chicago; Darwin P. Kingsley, New York; George H. McFadden, Philadelphia; Alfred E. Marling, New York; A. W. Mollen, Pittsburgh; A. L. Mills, Portland, Oreg.; J. P. Morgan, New York; William Fellowes Morgan, New York; F. H. Rawson, Chicago; Samuel Rea, Philadelphia; George M. Reynolds, Chicago; R. G. Rhett, Charleston, S. C.; Elihu Root, New York; Levi L. Rue, Philadelphia; Charles H. Sabin, New York; Jacob H. Schiff, New York; Edwin R. A. Seligman, Columbia College; John C. Shedd, Chicago; John Shmerwin, Cleveland; James A. Stillman, New York; Henry Susalle, University of Washington; William H. Taft, New Haven; F. H. Taussig, Harvard University; Frank A. Vanderlip, New York; Festus J. Wade, St. Louis; Paul M. Warburg, New York; F. C. Watts, St. Louis; Harry A. Wheeler, Chicago; Daniel Willard, Baltimore.

"The names of the European signers of the memorandum, classified as to country, are given below. The list of French signatories has not been received here, due to a delay in cable service:

GREAT BRITAIN.

"Sir Richard Vassar Smith, Bart., chairman of Lloyds Bank; Lord Inchcape, G. C. M. G., K. C. S. I., chairman National Provincial & Union Bank and chairman Peninsula & Oriental Steam Navigation Co; Walter Leaf, chairman London County & Westminster Bank; Right Hon. Reginald McKenna, P. C., chairman London Joint City & Midland Bank; Sir Robert Kindersley, K. B. E., chairman National Savings Committee, director Bank of England, partner Lazard Bros.; Sir Charles Addis, chairman Hongkong & Shanghai Banking Corporation, director Bank of England; Edward Charles Grenfell, senior partner Messrs. Morgan, Grenfell & Co., director Bank of England; Hon. Robert Henry Brand, C. M. G., formerly chairman Supreme Economic Council of the Allies, formerly assistant secretary of state for foreign affairs; Right Hon. Herbert Henry Asquith, P. C., formerly prime minister; Right Hon. Sir Donald Maclean, K. B. E., leader, Liberal Party in House of Commons; Right Hon. John Henry Thomas, M. P., leader of Labor Party; Right Hon. John Robert Clynes, M. P., leader of Labor Party; Viscount Bryce, G. G., V. C., ex-ambassador to the United States.

HOLLAND.

"Dr. G. Vissering, president, Bank of the Netherlands; C. E. ter Meulen, banker, member of firm Hope & Co; Joost van Vollenhoven, manager Bank of the Netherlands; Jonkheer Dr. A. P. C. van Karnebeek, minister of state, president Carnegie Foundation; J. J. G. Baron van Voorst tot Voorst, presi-

dent first chamber of Parliament; Dr. D. Fock, president second chamber of Parliament; Jonkheer Dr W. H. de Savornin Luhman, president high court of justice; A. W. F. Idenburg, formerly governor general Dutch East Indies, formerly minister of colonies; S. P. van Eeghen, president Amsterdam Chamber of Commerce; E. P. de Monchy, president Rotterdam Chamber of Commerce; C. J. K. van Aalst, president Amsterdam Bankers' Association; G. H. Hintzen, banker, member of firm R. Mees & Zoonen, Rotterdam; F. M. Wibaut, alderman of Amsterdam; G. M. Boissevain, economist; E. Heldring, manager Royal Dutch Steamship Co.

SWITZERLAND.

"Gustave Ador, president International Red Cross; Eduard Blumer, president National Council; Alfred Fery, president Swiss Federation of Industry and Commerce; Rodolphe de Haller, vice president Banque Nationale; Jean Hirter, president Banque Nationale; Dr. Ernst Laur, secretary Swiss Agricultural Union; Auguste Pettarel, president State council; Ernest Picot, Federal judge; Guilanme Pictet, banker; Alfred Sarasin, president Swiss Bankers' Association; Michel Schnyder, president Swiss Press Association; Dr. Hans Tschumi, president Union Suisse des Arts et Letiers.

DENMARK.

"C. C. Andersen, chairman of the Socialist Party in the Landsting; F. I. Borghjerg, member of the committee of the Social Group of the Rigsdag; I. C. Christensen, chairman of the Liberal Party of the Folketing; C. C. Clausen, chairman of the Merchants' Guild; C. M. T. Cold, chairman of the Danish Steamship Owners' Society; Alex. Voss, chairman of the Chamber of Manufacturers' Association; E. Glueckstadt, managing director of the Danske Landsmandsbank; Johan Knudsen, chairman of the Conservative Party in the Folketing; Thomas Madsen Mygdal, chairman of the United Danish Agricultural Societies; A. Tesdorpf, member of the board of directors of the Royal Danish Agricultural Society; A. Nielsen, president of the Board of Agriculture; I. P. Winther, I. Lauridsen, C. Ussing, Marcus Rubin, and Westv Stephensen, managing directors of the National-Banken in Copenhagen; Jorgen Pedersen, chairman of the Liberal Party of the Landsting; L. G. Piper, chairman of the Conservative Party of the Landsting; C. Slengerik, chairman of the Radikal Liberal Party of the Folketing; Herman Trier, chairman of the Radikal Liberal Party of the Landsting.

NORWAY.

"Otto B. Halvorsen, speaker of Parliament; Jens Tandberg, bishop of Christiania; Fridtjof Nansen, professor and explorer; Hakon Loeken, governor of Christiania; Bernt Holtmark, party leader; A. Jahresn, party leader; J. L. Lemovinkol, party leader; K. Bomhoff, president Bank of Norway; Alf Buercke, Thune Larssen, Carl Kierulf, Victor Plahte, Carl Kutcherath, Chr. E. Lorentze, Son H. Aarensen, T. Fearnly, Chr. Platou, presidents of financial, industrial, and commercial associations; Thore Mvrvang, president Farmers' and Smallholders' Association; Patrick Volekmar, president Norske Handelsbank.

SWEDEN.

"J. C. A. af Jochnick, president Sveriges Riksbank; V. L. Moll, first deputy Sveriges Riksbank; C. E. Kinander, president
159469-20327

national debt office; J. H. R. C. Kjelberg, president Swedish Bankers' Association; H. L. F. Lagercrantz, president Swedish Exporters' Association, ex-minister to America; A. F. Vernersten, president Swedish Industrial Association, ex-secretary of the treasury, member of Parliament; K. A. Wallenberg, president chamber of commerce, Stockholm, ex-foreign minister; M. Wallenberg, manager Enskilda Bank; Oscar Rydbeck, manager Skandinaviska Kredit Aktiebolaget; C. Frisk, manager Svenska Handelsbanken; K. H. Branting, member of Parliament, ex-secretary of the treasury, deputy Sveriges Riksbank; Count R. G. Hamilton, deputy chairman of the lower house of Parliament; S. A. A. Lindenman, member of Parliament, rear admiral, ex-premier, ex-foreign minister; S. H. Kvarnzelius, member of Parliament, director national debt office; Ernst Trygger, member of Parliament, ex-justice of the supreme court; K. G. Cassel, professor of political economy; David Davidson, professor of political economy; E. F. K. Sommarin, professor of political economy."

Mr. OWEN. Mr. President, I submit with my remarks the report of the committee on foreign trade of the American Economic Association. I ask the privilege now of having it printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

JANUARY 9, 1920.

REPORT OF THE COMMITTEE ON FOREIGN TRADE OF THE AMERICAN ECONOMIC ASSOCIATION.

This, the second report of the committee on foreign trade, will cover the effect of the war on the volume, direction, and the constituent commodities of international trade, and will attempt to analyze some of the conditions that affect the outlook.

I. The effect of the war.

The war had a very profound effect upon the trade of the world. In belligerent countries normal production was curtailed and therefore exports declined. The domestic production of commodities needed by the warring nations was insufficient, and these had to be imported. The excess of imports was financed by shipments of gold, the sale of securities, and by borrowing. The trade currents prevailing before the war were upset.

A. THE VOLUME OF TRADE.

The countries at war greatly increased their exports in amount and to a less extent in tonnage. The countries on the American Continent, on the whole, greatly increased their exports. Japan did likewise. The countries blockaded, Germany and Austria, experienced a tremendous decline in trade. The trade of Holland, Spain, and Russia, declined as an incident to the blockade. Because of the long sea voyage involved and the shortage in shipping, the trade of British India, Australia, and South Africa also fell in volume.

B. COMMODITIES OF TRADE.

Because the belligerents of Europe needed enormous quantities of war materials and other goods for consumption, their imports of manufactures increased relatively and the imports of raw material decreased relatively. Western Europe was cut off from its sources of food supply in Russia and Southeastern

Europe, and the entire burden of producing food for the western European countries was thrown upon the Americas. Australia and India were too far removed to permit the utilization of much needed tonnage for the long ocean trip. Because Germany was under blockade, the countries which she had supplied with chemicals, dyestuffs, porcelain, machinery, electrical goods, toys, and specialties had to turn to other countries like Switzerland, the United States, and Japan for their supply. Trade in luxuries was much reduced. Japan, the United States, and in general the neutrals increased their imports of raw materials and increased their exports of manufactured goods.

There was an increased demand for commodities of all kinds from countries that were readily accessible to Europe, and they, therefore, suffered from a shortage of goods. On the other hand, the demand upon the countries far removed from Europe slackened so that there was a glut of goods, as of wheat in Australia, wool in New Zealand, and sugar in Java.

C. TRADE CURRENTS.

The war resulted in the transfer of millions of men to France, where they had to be maintained under conditions which increased their consumption over that of peace. Shipping routes were therefore focused upon western Europe and created a ship shortage in other lanes of trade, which was aggravated by submarine warfare. The tonnage passing through the Suez Canal in 1913 was 20,000,000 tons and in 1917 only 8,300,000 tons. Because of the shortage in shipping, supplies for Europe had to be brought from the nearest available center of production. Tonnage was conscripted for the trans-Atlantic service. There was an increase of exports to Europe and a decrease of imports from Europe.

Furthermore, trade between near-by countries increased; for example, the trade among the northern neutrals of Europe, between Japan and the countries skirting the Pacific and Indian Oceans, between the United States and the countries of North and South America and of Asia. The trade on the Pacific greatly increased. The countries of Asia, East Africa, and the west coast of the Americas traded with each other to a greater extent than before the war.

Because of the shortage in shipping, heavy commodities were eliminated to a large extent, and wherever possible home sources of supply were developed. The lack of those goods which were manufactured chiefly in central Europe stimulated the establishment of new branches of industry in the non-European countries.

D. ENTREPÔT AND TRANSSHIPMENT TRADE.

The European countries which were at war had controlled the shipping of the world and determined the course of commodity movements. Trade prestige and established custom were important determinants of the route of trade and of the location of entrepôt centers before the war. During the war the blockade and economy of shipping were the deciding factors. American cotton was sent to Holland direct instead of by way of Bremen and Liverpool. Dutch colonial produce reached the United States directly instead of by way of Amsterdam. African produce could no longer be shipped by way of Belgium or France. The United States obtained Australian goods across the Pacific, and not by way of London. Trade

routes which were temporarily expedient have in some cases proven to be permanently efficient.

Hamburg and Bremen were closed tight during the blockade, and the transshipment and entrepôt trade which they had conducted were eliminated. The European countries which had traded with the outside world through the medium of Germany now traded directly. The trade of Switzerland, Italy, the Baltic States, and Spain with the overseas countries greatly increased. Furthermore, new centers of transshipment developed during the war. Copenhagen, Bergen, and Goteborg rose as ports of transshipment and as entrepôts supplying Germany and the north of Europe.

E. ECONOMIC DECENTRALIZATION.

For four years the countries dependent upon Europe have been compelled to seek new sources of manufactured goods and new outlets for their raw materials or else to establish some local industries to satisfy their needs. The industries of the world, hitherto concentrated chiefly in Europe, have been temporarily disrupted and to some extent permanently decentralized. The transshipment of goods from the Orient to America or from South Africa to North America by way of Europe has been partly replaced by direct trade. The international jobbing business has been reduced and in some lines eliminated. Countries were compelled to become self-sufficient. The old creditor nations, clustered in Europe, have become borrowers of widely scattered countries, as the United States, Japan, and Argentina, hitherto their debtors. The world has hastened toward a stage of economic development which it might have taken generations to attain. The predominance of Europe in trade has declined, and new commercial spheres have become defined in America and in the Far East, centering about the United States and Japan.

Agricultural countries and regions producing raw materials develop eventually into centers of industry and trade. The war hastened this process. It has hastened the growth of industrial self-sufficiency, the decentralization of trade, and the lessened dependence upon Europe of the rest of the world. The war has hastened the disintegration not only of political imperialism but of commercial imperialism as well.

Decentralization is the prerequisite of federalism. In a more than superficial sense, therefore, the war has prepared the world for an inevitable league of nations of some sort. As the backward countries of the world become more industrialized, as the density of their population tends to increase by migration, the economic dominance of Europe will probably decline still further, but the interdependence of the nations of the world will increase. The process of economic decentralization will prepare for ultimate world federalism. More extensive interdependence of the nations will vitalize a league of nations.

II. *The outlook in international trade.*

A. THE PREWAR BALANCE OF TRADE.

Before the war the countries of Europe, with the exception of Russia, had an excess of imports. On the other hand, the countries of the American Continent, with the exception of Canada, and most of the partly developed countries, such as British India, and South Africa, had an excess of exports.

The excess of imports of the European countries was paid for by services, such as shipping and banking, by interest on foreign investments, by the expenditures of non-European tourists in Europe, and by the remittance of European nationals in foreign countries to their friends and families in Europe.

B. THE WAR-TIME BALANCE OF TRADE.

The countries of Europe, on the whole, increased their imports greatly. The non-European countries, on the other hand, had a large excess of exports, particularly during the later years of the war.

Europe paid for the increased excess of imports less by banking and shipping services, more by the shipment of gold, and the sale of securities, and most of all by loans.

C. THE IMMEDIATE FUTURE.

1. Europe needs credit: Europe, in part, is devastated and everywhere is short of goods. The war-ravaged countries need food and machinery. But even the neutrals need raw materials. Without food and raw materials Europe may fall into chaos, which may react upon us industrially and perhaps politically. Europe must have goods, and to get them she needs our credit.

But for purely selfish reasons we must lend. In order to balance our international debits and credits, the courses before us are to curtail exports, increase imports, or to lend. Reduction of our exports seems inevitable. However, to curtail our foreign sales suddenly would mean stagnation of industry and consequent unemployment in many lines, although in some cases the satisfaction of demands at home deferred during the war would absorb the slack in production as prices decline. We can not at present buy more, for Europe has less to sell now than before the war. As a temporary expedient the course open to us is to lend. For the economic welfare of the country credits of some sort must be advanced in order to move American goods.

2. The supply of short-term credit. Some European statesmen thought that they could borrow from America sufficient funds to restore the devastation quickly. Unfortunately, that is not the case. The credit needed is of two kinds, long term and short term. The neutrals and the belligerents not devastated by the war will not need long-term credit to any great extent. The machinery for supplying short-term credit for exports consists of the facilities afforded by the Federal Reserve System. However, should a scarcity of short-term credit for exporters arise, there are untapped reserves in the discount houses which may accept drafts up to several times their capital. To a great extent these institutions would relieve the banks of deposit of the risk of too heavy commitments on account of foreign acceptance liabilities in addition to their ordinary commercial risks. Several of these have been established.

3. The supply of long-term credit: Six months' credit, even with a renewal, would hardly provide for the needs of countries in which factories and even cities will have to be rebuilt and reequipped.

(a) Government advances: During the war the United States Government made advances to other Governments to the extent of about \$10,000,000,000. These advances cease with the proclamation of peace. The sentiment in the United States is averse to further loans by our Government. Our Government

has a floating debt of over three billions. This is a revolving debt and is responsible in part for the inflation of prices and the high cost of living. The Government could loan to Europe by issuing more bonds. Congress would hardly authorize such loans, and the public would hardly take such loans if authorized. Conceivably conditions in Europe might compel a change of sentiment in the United States. The evils of inflation may be less menacing than industrial debility in Europe attended perhaps by political disturbances.

(b) Indirect Government aid. The United States has, however, undertaken to aid the exporter indirectly, through the War Finance Corporation, which may make advances to the extent of \$1,000,000,000 for periods of not exceeding five years, to exporters or bankers upon the promissory notes of the borrower. However, the difficulty inherent in the act under which the War Finance Corporation operates is that while the country as a whole benefits by the export of goods, the burden of the present unusual risk is placed entirely upon the exporter. Nevertheless, the facilities of the corporation are being utilized.

(c) Private means. The financing of foreign trade by the Government may lead to further inflation. The financing of exports through private channels can be accomplished only through savings, past or present. The alternative of war financing, namely, inflation versus savings, face us again during the transition. Possibly the gravity of the after-war situation may compel a compromise as in war time between these two methods of financing.

At present Europe is being financed by private income. Private aid is being extended to individual enterprises, whose conditions meet the credit standards of bankers. The methods of private long-term finance are various. Either Europe's holdings of neutral securities might be liquidated in the United States, or else a foreign importer, if his credit is good, might float a loan here.

The member banks of the Federal Reserve System have been permitted to invest 5 per cent of their capital and surplus in subsidiary corporations engaged in the financing of foreign trade. The Edge law would authorize the establishment and incorporation under Federal charter of companies to engage in international financial operations under the supervision of the Federal Reserve Board.

Furthermore, investment trusts might be established. These institutions would invest in foreign securities and issue their own obligations against their holdings, which might be either Government bonds, industrials of the borrowing country, or the pledged securities of a third country or of the industries.

Finally the listing on the stock exchange in the United States of outstanding foreign securities, under proper restrictions and with adequate safeguards of the American investors, would help greatly in accelerating the flow of trade.

(d) The essentials of an acceptable foreign security. If advances are to be made to countries fiscally weak or to industries already under heavy taxation charges, a priority of lien will be needed to assure the safety of interest and principal of the new loan as compared with the old ones. If new loans to weak countries are to be junior liens, funds for Europe will be difficult to obtain. Just as a private company that has good

prospects may secure credit through the issue of receiver's certificates, so the weak European countries will have to give priority of lien of principal and interest of new money as against old loans.

The rate of interest on loans to foreign governments or industrials will have to be competitive with domestic rates. The marketability of securities based on foreign loans depends upon suitable publicity, and whether or not the public will avoid waste and gather funds for investment, and whether or not they are favorably disposed toward the investments from the viewpoint of safety and adequacy of return.

In order not to be the lone and sole creditor of the nations of Europe, the United States might raise a loan jointly with other powers, or with the participation of other powers to a sufficient extent morally to insure payment by the borrower. The indorsement of the European banker, and the guaranty of the foreign government may be essential to secure the funds from American investors.

Such credits as are granted to Europe should be devoted to industrial and not governmental uses. They should be utilized not for meeting current Government expenses, not for the balancing of their budgets, where there is a lack of adequate measures of taxation, and not for the artificial maintenance of their inflated currencies at parity in the exchange market. Credits should be devoted to increasing production. The import into Europe of essentials and not of luxuries should be financed. If industry in Europe is benefited the security underlying our loans, new and old, will be strengthened. As industry in Europe revives, world-wide economic conditions should benefit.

D. THE OUTLOOK IN THE UNITED STATES.

What is to be the future of our foreign trade? The theoretical analysis indicates that during the early stages of lending a country has an excess of exports. After this process has continued for many years the lending country has an excess of imports.

Our present position has been obtained not as a result of the slow process of economic development but as a result of the sudden shifting of trade during the war. However, our readjustment can not be as sudden. It will take years. Europe took our exports and gave us promissory notes in payment. She can not liquidate her debt in gold, because European countries wish to retain their gold supply in anticipation of a return to a gold basis. Because of the development of American facilities for financing trade and because of the creation of the American merchant marine, Europe will not be able to pay us with these services even to as great an extent as before the war. Securities with which to pay us are either not available or else will not be sold by Europe because of the commercial prestige which attaches to foreign investments.

Ultimately Europe must pay us in goods. A mortgage on her fixed assets is not feasible politically, because of the anti-alien laws of Europe and the fear of economic penetration. Europe will therefore eventually have to pay in merchandise. The annually accruing interest on the debt to the United States will depress the exchange rate of the debtor country and thus stimulate exports and restrict imports. On the other hand,

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the annual credit of the United States for interest will tend to raise our exchange above par, to stimulate imports and to restrict exports. Ultimately our excess of exports must decline and probably change to an excess of imports—a feature which before the war characterized the trade of the creditor countries of Europe.

Immediately Europe may be unable to pay in goods. Her debt to us for interest must be postponed or met temporarily by further loans to her. The need of additional goods from America will need to be financed in the same way. Loans by us would make possible a continuation of our reports until the productive capacity of Europe is restored sufficiently to permit the resumption of exports by Europe. The annual investment of a sum equal to our excess of exports and the reinvestment of the interest on loans, both outstanding and to be placed, would, if compounded, reach a huge figure in a generation. Our balance of trade would thereafter probably be an excess of imports.

In the present unsettled state of Europe there are many factors which would qualify these conclusions. If Europe falls into chaos exports from the United States will be greatly reduced. If the principal and interest of our present loans is thus wiped out, the conditions which would call for an ultimate excess of imports will cease to exist.

DAVID FRIDAY.

WESLEY FROST.

A. BARTON HEPBURN.

PHILLIP B. KENNEDY.

THOMAS W. LAMONT.

JASON A. NEILSON.

J. RUSSELL SMITH.

O. M. W. SPRAGUE.

F. W. TAUSSIG.

ELISHA M. FRIEDMAN.

Chairman.

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THE SEDITION BILL

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

TUESDAY, JANUARY 20 1920



WASHINGTON

1920

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THE REBITION BILL

SPEECH

HON. ROBERT L. OWEN



SPEECH
OF
HON. ROBERT L. OWEN.

THE SEDITION BILL.

Mr. OWEN. Mr. President, after every great war there is more or less hysteria throughout the world, and the idea of suppressing by force those who are advocating violence against the orderly processes of government is a very natural feeling, with which I sympathize. Certainly we ought not to permit the organization of anarchists and of Bolsheviki to use our country as a breeding place in which they can bring about by force or violence the destruction of the Government which we have established.

But, Mr. President, the bill which has been passed in the Senate has already become the opening wedge for the substitution of another bill much more drastic and much more capable of misconstruction than the bill which passed the Senate some days ago, Senate bill 3317. When that bill passed there were very few Senators in the Chamber. It was earnestly debated by several Senators who were opposed to it, and they spoke to empty seats, as I am doing now. But I think it is worth while to call the attention of the country, through the printed Record of the proceedings in the Senate, to some of the danger in this bill now proposed to be substituted for Senate bill 3317.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. OWEN. I yield.

Mr. NORRIS. The Senator, interrupting the Senator from South Dakota [Mr. STERLING], referred to a certain part of the House bill, but he did not read the language.

Mr. OWEN. I did read the language, but I am going to read it again.

Mr. NORRIS. I wish the Senator would read that objectionable language.

Mr. OWEN. The House bill is reported as House bill 11430, and is commonly known as the Graham bill. Without pausing to read that bill at this point, I want to submit for the Record a careful, analytical statement of that bill prepared by a very able Government servant. It speaks for itself, and by the arrangement of the words and phrases it makes it easy to understand how that bill can be subjected to misinterpretation, and how that bill can become and will become dangerous in the highest degree to the liberties of the people of this country, so that there would be hanging over the head of every man who desires free speech or freedom of the press the menace of some bureaucrat who could suddenly arrest, interfere with, and treat him as a criminal,

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with all the powers of this gigantic Government brought down upon the head of the little citizen, who would find it difficult to defend himself against an autocratic bureaucrat. I regard this bill now pending in the House as a bill dangerous in the extreme. I am not going to take the time of the Senate to go into any extended analysis of it, but I call attention to section 5, to which I alluded when the Senator from South Dakota [Mr. STERLING] was speaking. The last three lines provide one of the things forbidden by this bill. The words "force or violence" are not used in qualifying this latter language. Here is the language which is forbidden:

To do anything that would tend to overthrow, change—

Observe the word "change"—

or defeat the Constitution of the United States and the laws and authority thereof.

The advocacy of an amendment to the Constitution of the United States in favor of prohibition, which would be a change of the Constitution, would be a criminal act under this proposed law.

The advocacy of the change in the Constitution to establish an income tax would be a criminal act under this proposed statute.

The advocacy of the amendment proposing to give women suffrage in this country by a change of the Constitution would be a criminal act, and under this section to wear a button on the lapel of the coat that indicated the wearer was in favor of the woman suffrage amendment or the prohibition amendment would be a criminal act under this section.

Is it possible to draw a statute more loosely than that or more full of danger to the liberties of this country? I might cite many other things with regard to this proposed bill, which is proposed to be substituted for the bill which was passed through the Senate a short time ago.

I have here a comment made by Alfred Bettman, an able constitutional lawyer, during the war a special Assistant Attorney General of the United States, with offices in the Department of Justice, Washington, D. C., and in special charge of the sedition cases, commenting on the bill pending in the House proposed to be substituted for the bill passed by the Senate. He said:

"In response to your request for a legal opinion upon the sedition bill reported by the House Judiciary Committee, will state as follows:

"Under our constitutional system protection of private persons or property is reposed exclusively in the State governments. The Federal Government has no jurisdiction over such protection, nor can the alleged purposes for which acts of violence were committed against private persons or property be used to give jurisdiction to the Federal Government, for the reason that that would be punishing the purpose and not the acts. To punish the purpose would be contrary to all fundamental principles of American constitutional law. Therefore all the provisions of sections 2, 5, 9, 10, and 11, in so far as they relate to private persons or property, would be unconstitutional, since they are beyond the jurisdiction of the Federal Government."

We passed laws, under the excitement and hysteria of war, with a view to punishing the so-called Bolsheviks in this country; and I pause to say that in my judgment there are very few

Bolsheviks in the United States. The atmosphere of the United States is not such as to encourage bolshevism. We have some citizens and some aliens who are grossly ignorant, painfully ignorant, of our laws, of our Constitution, of our great traditions of liberty and justice, law and order; poor, ignorant people, who, not understanding government, and feeling oppressed by the difficulty of making a living for themselves and their children, attribute it to the fault of government, and therefore are ready to raise their hands against the Government as an oppressor, not knowing, not understanding, the great difficulty of building up orderly processes of effective constitutional, democratic government. Those people, if they commit criminal acts, must be dealt with under the criminal code; but those people are more in need of instruction than they are in need of a statute such as this, whose provisions are so sweeping that no man would be safe in his liberties in this country if this bill should pass. I am opposed to Prussianizing the United States, and making this Government the instrumentality of brutal, autocratic, bureaucratic power. Liberty is what the world fought for, and not the suppression of liberty.

The stupid friends of vested interests, who would like to use the powers of the Government to put a bayonet through everyone who balks against vested interests, would be pursuing a policy like that of chaining down the escape valve on a steam boiler by such a policy as passing laws to suppress free speech and a free press. To do this under the false pretense of suppressing bolshevism and anarchy is Prussianism and not Americanism.

I do not want any bureaucrat in this Government having arbitrary power to lay a rough hand upon a man who is expressing his honest opinion and his belief as to what is the good thing and the better thing for his fellow citizens. It is freedom of opinion, it is freedom of speech, it is freedom of the press, it is freedom of religion and freedom of education which have combined to make this country the greatest free nation in the world, where the conditions of life are the best in the world, and where they will be better and better as the days come speedily on. Mr. Bettman, the Assistant Attorney General in charge of the sedition cases during the war, said also with regard to this bill pending in the House, referring to the unconstitutionality of the bill:

"The same is probably true of violence against a State government, because the only method provided in the Constitution for the protection of State governments against internal violence is the sending of Federal troops.

"The use of such words as 'suggested' and 'taught' in section 4 are dangerous to freedom of speech and contrary to American tradition.

"Penal laws should define crime with such exactitude that nothing is left to arbitrary decision or the prejudices of the court and the jury. Section 6 maintains a peace-time censorship contrary to the American principle, that this is a Government of law and not of men. It is also contrary to the fundamental Anglo-Saxon principle of liberty of speech and press, which is that there shall be no suppression in advance, but only responsibility after publication.

"Sections 9, 10, and 11 also violate the fundamental principle of American and Anglo-Saxon institutions, namely, that guilt is personal and not by association. If enacted, those sections would place upon American statute books a Prussian and czaristic Russian institution.

"Section 6 of the present Penal Code and other sections of that code cover every possible case of seditious conspiracy against the Government of the United States and every act of violence or resistance against the authority of the United States.

"I can not see clearly why there should be need for further legislation, unless it is desired to reach individual advocacy of violence against Federal officials or Federal property, which are not a part of any conspiracy. If so, such legislation should be carefully restricted to advocacy of violence against Federal officials or property, as is the language of the present seditious conspiracy section of the Federal Penal Code.

"The bill as reported by the House Judiciary Committee in respects, as above pointed out, goes beyond the constitutional bounds of the Federal jurisdiction and violates the fundamental principle of American and Anglo-Saxon civil liberties."

This is the opinion of Alfred Bettman, Assistant Attorney General of the United States, in charge of sedition cases during the war, an expert on sedition. He is opposed to the Graham bill for the reasons stated.

I call attention to existing law against those who may be inciting or encouraging any rebellion against the United States or its authority. The Penal Code, 1911 publication, chapter 1, provides:

OFFENSES AGAINST THE EXISTENCE OF THE GOVERNMENT.

It describes and punishes treason, misprision of treason, inciting or engaging in rebellion or insurrection, criminal correspondence, seditious conspiracy, and so forth, and section 4 says:

"Whoever incites, sets on foot, assists, or engages in any rebellion or insurrection against the authority of the United States or the laws thereof or gives aid or comfort thereto shall be imprisoned not more than 10 years or fined not more than \$10,000, or both, and shall, moreover, be incapable of holding any office under the United States."

Section 6, dealing with seditious conspiracy, says:

"SEC. 6. If two or more persons in any State or Territory, or in any place subject to the jurisdiction of the United States, conspire to overthrow, put down, or to destroy by force the Government of the United States, or to levy war against them, or to oppose by force the authority thereof, or by force to prevent, hinder, or delay the execution of any law of the United States, or by force to seize, take, or possess any property of the United States contrary to the authority thereof, they shall each be fined not more than \$5,000 or imprisoned not more than six years, or both."

Mr. President, I ask to have printed in the Record the analysis I present of the Graham bill pending, which has been prepared under the auspices of the Popular Government League, 637 Munsey Building, Washington, D. C.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

ANALYSIS OF THE GRAHAM SEDITION BILL.

SEC. 1. That whoever incites or sets on foot or assists or engages in } any {insurrection} against {the United States} or whoever
 sets on foot or assists or engages in } {or rebellion} {or the authority} {or laws thereof}
 the use of {force} with intent
 {or violence}
 to {destroy} } the Government of the United States
 or cause to be destroyed }
 or change }
 or cause to be changed }
 or to {overthrow} }
 {or cause to be overthrown}

And the death of any person is caused or persons or results directly therefrom shall be punished by death, or shall be imprisoned not more than 20 years or fined not more than \$20,000 or both and shall forever be debarred from holding office under the United States

Provided, however, That the death penalty shall not be imposed unless recommended in the verdict of the jury.

If two or more persons conspire to commit any offense defined in this section they shall each be subject to the punishment provided in this section for such offense.

SEC. 2. That whoever incites or sets on foot or assists or engages in } the use of force {with} {destroy} or cause to be destroyed
 {or violence} {intent to} {or changes} or cause to be changed
 or to {overthrow} or cause to be overthrown

the Government of the United States, imprisoned not more than 20 years, and death does not result shall, on conviction, be or fined not more than \$20,000 or both.

If two or more persons conspire to commit any offense defined in this section they shall each be subject to the punishment provided in this section for such offense.

SEC. 3. That no person shall orally, or by {writing} {teach} {incite} {advocate} {propose, or} {advise} } forcible resistance to, or
 {the use of any} {sign,} {symbol,} {picture,} {caricature,} {aid,} {abet, or} {encourage} } forcible destruction of
 or otherwise

the Government of the United States, its Constitution, laws and authority, or the governments of the several States, all or any of them, or the existence of constituted government generally

Or {orally, or} {writing} {teach} {incite} {advocate} {propose, or} {advise} } the destruction of human life,
 {the use of any} {sign} {symbol} {picture} {caricature} {aid} {abet} {encourage, or} {defend} } or the injury of any human being,
 or otherwise } the injury or de- of public } property
 {struc} {tion} {or private}

as a means of changing the {Constitution} of the United States or defeating the authority thereof. {laws, or} {Government}

SEC. 4. That no person shall

write or knowingly { print edit issue circulate distribute transport } (by express or otherwise) any { book pamphlet newspaper document handbill poster, or printed written, or pictorial } { matter of any form or kind } wherein or whereby

the { overthrow or change } of { the Government of the United States, or the Constitution, laws and authority thereof }

by { force or violence } or by levying war against the same, or

by or { resistance to rebellion against } the execution of any law of the United States by { force or violence } is { incited suggested taught advocated, or advised. }

SEC. 5. That no person shall

display at any meetings or parade exhibit in any other place { any red flag or banner } as a symbol of { anarchy or of any of the purposes forbidden in this act }

And the display of such flag in any meeting or exhibition for banner or parade shall be prima facie evidence that it is so displayed and exhibited as such symbol.

And no person shall

display or exhibit at any { meeting or parade } or in any other public place any { flag banner emblem picture motto or device } which tends to incite or indicates a purpose

to overthrow { by violence or by physical injury to } { person or property } the Government of the United States or all government

or to { overthrow or defeat } the Constitution of the United States and the laws and authority thereof.

Sec. 6. That every { book magazine newspaper document handbill poster, or written pictorial, or printed } { matter memorandum sign symbol, or communication of any form } wherein or whereby

the overthrow of the Government of the United States by force or violence, or resistance to or rebellion against the authority of the Government

or the { overthrow or defeat } of { the Constitution of the United States, or the laws or authority thereof by force or violence, } is { advocated advised, or incited }

or wherein or whereby the use of { force or violence or physical injury to } or the seizure or destruction of { persons or property }

is { advocated advised or incited } as means towards the accomplishment of { industrial economic social or political } change

or wherein or whereby an appeal is made to racial prejudice the { intended or probable } result of which ap-

deal is to cause {rioting or
(the resort to force and violence)} within {the United States or
any place subject to the
jurisdiction thereof }

is hereby declared to be nonmailable, and the same shall not {be deposited in any
post office for mailing
or
be conveyed in the
mails or
delivered } from any
post of-
fice or
by any
letter-car-
rier

Provided, That nothing in the Act shall be so construed as to authorize any person other than an employee of the Dead Letter Office, duly authorized thereto, or other person, or other persons, upon a search warrant authorized by law, to open any letter not addressed to himself: *Provided further*, That any author, publisher, or party affected or aggrieved by the action of the Postmaster General in excluding materials from the mails under this section shall, after such notice to the Postmaster General as the judge may direct and upon filing a bond to cover the actual cost of such proceeding, be entitled to a hearing de novo before a judge of the Federal court of the district in which the party affected or aggrieved resides, which judge shall with all reasonable dispatch proceed with such hearing and affirm or reverse the action of the Postmaster General. Such judge shall have power during the pendency of the proceedings to suspend the order of the Postmaster General: *Provided further*, That no such proceeding shall bar or interfere with any criminal prosecution under the terms of this Act.

SEC. 7. That no person shall

import or cause to be imported } into {the United States,
or
any place subject
to its jurisdic-
tion } any matter declared } non-mailable
in this act to be } and
not transportable
or {to transport
or
cause to be transported } any such matter } from one State into another
or
into any place subject to the jurisdic-
tion of the United States.

SEC. 8. That no person shall

knowingly use } the {mails
or
attempt to use } {Postal Service of the United States } or {knowingly transport }
or attempt to transport }
by {express or otherwise,
public or private conveyance } Any matter declared by Sections 6 and 7 of this
Act to be {nonmailable
and
not transportable.

SEC. 9. That any

association,
gathering,
assembly,
society,
or
corporation } which seeks {directly } by {force
or violence,
or injury to or
destruction of } human beings,
or
public or private property
to bring about a change in {the Constitution
or laws
or authority
of the Government of the United States,
or of any State thereof,
or of all forms of organized government.

or which {teaches,
advises,
proposes,
threatens,
or
defends } the unlawful use of {force or
violence
in any form } to bring about any such result

or which attempts to {prosecute
or
pursue } such purpose, is hereby declared to be unlawful.

SEC. 10. That no person shall act as an officer of any such unlawful organization, or, knowing the { object, purpose, teaching, or doctrines } of such unlawful association, { become a member thereof, or become affiliated therewith, or continue to be a member thereof or affiliated therewith, or contribute any money or other thing of value thereto, or to anyone for its use, or rent any room, building, or place for the use of said unlawful association, or permit the occupation by such unlawful association or any committee or branch thereof of any room, building, or other place under his ownership or control.

SEC. 11. That the giving, loaning, or promising of anything of value to any such unlawful association shall constitute affiliation with such unlawful association; and the giving, loaning, or promising of anything of value to any person or partnership or unlawful association engaged in advertising, teaching, advocating, or defending any of the things the teaching, advocacy, or defense of which is forbidden in this Act shall be prima facie evidence of teaching, advocating, or defending said forbidden things against the person so giving, promising, or loaning anything of value as aforesaid.

SEC. 12. That any alien convicted under any of the provisions of this Act after serving his sentence shall be taken into custody and be deported under the immigration laws of the United States then in force.

Any person convicted under this Act who has declared his intentions of becoming a citizen but has not been naturalized shall be forever ineligible to citizenship, and it shall be the duty of the Attorney General to institute proceedings to cause his petition and declaration of intention to be dismissed and annulled and all court proceedings in his case quashed and to furnish to the Secretary of Labor such data as to enable him to cause such person to be deported under the immigration laws of the United States then in force.

The conviction of any person who is a naturalized citizen of the United States of any of the things forbidden in this Act shall be sufficient to authorize the cancellation of his or her certificate of naturalization in the manner provided by the naturalization laws of the United States then in force. It shall be the duty of the Attorney General to institute proceedings and conduct the same to a final judgment immediately after conviction and sentence of the naturalized citizen aforesaid.

Every alien deported under this Act is hereby forbidden to again enter the United States or any Territory or possession thereof. It shall be the duty of the Attorney General of the United States to enforce this provision against all deported aliens returning to the United States as aforesaid.

SEC. 13. That in any investigation or prosecution for any of the offenses specified in this Act no person shall be excused from attending or testifying or deposing, or from producing any book, paper, document, or other evidence on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty of forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which in obedience to a subpoena and under oath he may so testify or in obedience to a subpoena shall produce evidence, documentary or otherwise. But no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 14. That if any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 15. That section 5334 of the Revised Statutes, section 4, Act of March 4, 1909 (Thirty-fifth volume, Statutes at Large, page 1088), be, and the same is hereby repealed. Any offenses heretofore committed in violation of said section 5334 and all cases pending thereunder may be prosecuted and punished as therein provided in the same manner and with the same effect as if this section had not been enacted.

SEC. 16. That any person convicted of violating any of the provisions contained in any of the sections of this Act, except sections 1 and 2, shall be punished by being imprisoned for not more than twenty years or fined not more than \$20,000, either or both. And any citizen of the United States convicted under this Act shall be forever debarred from voting thereafter and holding any office of profit, honor, or trust under the United States.

Mr. OWEN. I ask to have printed the House bill, H. R. 11430, immediately following the analysis, in order that the comparison may be shown.

160550—20355

There being no objection, the bill referred to was ordered to be printed in the RECORD, as follows:

A bill (H. R. 11430) to punish offenses against the existence of the Government of the United States, and for other purposes.

Be it enacted, etc., That whoever incites, sets on foot, assists, or engages in any insurrection or rebellion against the United States or the authority or laws thereof, or whoever sets on foot or assists or engages in the use of force or violence, with intent to destroy or cause to be destroyed or change or cause to be changed or to overthrow or cause to be overthrown the Government of the United States, and the death of any person or persons is caused or results directly therefrom, shall be guilty of a felony, and on conviction shall be punished by death, or shall be imprisoned not more than 20 years or fined not more than \$20,000, or both, and shall forever be debarred from holding office under the United States: *Provided, however*, That the death penalty shall not be imposed unless recommended in the verdict of the jury. If two or more persons conspire to commit any offense defined in this section, they shall each be subject to the punishment provided in this section for such offense.

SEC. 2. That whoever incites or sets on foot or assists or engages in the use of force or violence with intent to destroy or cause to be destroyed or change or cause to be changed or to overthrow or cause to be overthrown the Government of the United States, and death does not result, shall, on conviction be imprisoned not more than 20 years or fined not more than \$20,000, or both. If two or more persons conspire to commit any offense defined in this section, they shall each be subject to the punishment provided in this section for such offense.

SEC. 3. That no person shall orally or by writing, printing, or the use of any sign, symbol, picture, caricature, or otherwise teach, incite, advocate, propose, or advise, or aid, abet, or encourage forcible resistance to or forcible destruction of the Government of the United States, its Constitution, laws, and authority, or the governments of the several States, all or any of them, or the existence of constituted government generally, or orally or by writing, printing, or the use of any sign, symbol, picture, caricature, or otherwise teach, incite, advocate, propose, or advise, aid, abet, encourage, or defend the destruction of human life or the injury of any human being or the injury or destruction of public or private property as a means of changing the Constitution, laws, or Government of the United States or defeating the authority thereof.

SEC. 4. That no person shall write or knowingly print, publish, edit, issue, circulate, distribute, transport by express or otherwise, display, or sell any book, pamphlet, newspaper, document, handbill, poster, or printed, written, or pictorial matter of any kind or form wherein or whereby the overthrow or change of the Government of the United States or the Constitution, laws, and authority thereof by force or violence or by levying war against the same or by resistance to or rebellion against the execution of any law of the United States by force or violence is incited, suggested, taught, advocated, or advised.

SEC. 5. That no person shall display or exhibit at any meeting, or parade, or in any other place, any red flag or banner as a symbol of anarchy, or of any of the purposes forbidden in this act, and the display or exhibition of such flag or banner in any meeting or parade shall be prima facie evidence that it is so displayed and exhibited as such symbol, and no person shall display or exhibit at any meeting, gathering, or parade, or in any other public place, any flag, banner, emblem, picture, motto, or device which tends to incite or indicates a purpose to overthrow, by violence or by physical injury to person or property, the Government of the United States, or all government, or to overthrow, change, or defeat the Constitution of the United States and the laws and authority thereof.

SEC. 6. That every book, magazine, newspaper, document, handbill, poster, or written, pictorial, or printed matter, memorandum, sign, symbol, or communication of any form wherein or whereby the overthrow of the Government of the United States by force or violence, or resistance to or rebellion against the authority of the Government or the overthrow, change, or defeat of Constitution of the United States, or the laws or authority thereof by force or violence, is advocated, advised, or incited, or wherein or whereby the use of force or violence or physical injury to or the seizure or destruction of persons or property is advocated, advised, defended, or incited as a means toward the accomplishment of industrial, economic, social, or political change, or wherein

or whereby an appeal is made to racial prejudice the intended or probable result of which appeal is to cause rioting or the resort to force and violence within the United States or any place subject to the jurisdiction thereof, is hereby declared to be nonmailable, and the same shall not be deposited in any post office for mailing or be conveyed in the mails or delivered from any post office or by any letter carrier: *Provided*, That nothing in this act shall be so construed as to authorize any person other than an employee of the Dead Letter Office, duly authorized thereto, or other person, upon a search warrant authorized by law, to open any letter not addressed to himself.

SEC. 7. That no person shall import or cause to be imported into the United States, or any place subject to its jurisdiction, any matter declared in this act to be nonmailable and not transportable, or to transport or cause to be transported any such matter from one State into another or into any such place subject to the jurisdiction of the United States.

SEC. 8. That no person shall knowingly use or attempt to use the mails or the Postal Service of the United States, or knowingly transport or attempt to transport by express or otherwise, by public or private conveyance, any matter declared by sections 6 and 7 of this act to be nonmailable and not transportable.

SEC. 9. That any association, gathering, assembly, society, or corporation which seeks, directly or indirectly, by force or violence, or by injury to or destruction of human beings, or public or private property, to bring about a change in the Constitution or laws or authority of the Government of the United States, or of any State thereof, or of all forms of organized government, or which teaches, advises, proposes, threatens, or defends the unlawful use of force or violence in any form to bring about any such result, or which attempts to prosecute or pursue such purpose, is hereby declared to be unlawful.

SEC. 10. That no person shall act as an officer of any such unlawful association, or, knowing the object, purpose, teaching, or doctrines of such unlawful association, become a member thereof or become affiliated therewith, or continue to be a member thereof or affiliated therewith, or contribute any money or other thing of value thereto or to anyone for its use, or rent any room, building, or place for the use of said unlawful association, or permit the occupation by such unlawful association or any committee or branch thereof of any room, building, or other place under his ownership or control.

SEC. 11. That the giving, loaning, or promising of anything of value to any such unlawful association shall constitute affiliation with such unlawful association; and the giving, loaning, or promising of anything of value to any person or partnership or unlawful association engaged in advertising, teaching, advocating, or defending any of the things the teaching, advocacy, or defense of which is forbidden in this act shall be prima facie evidence of teaching, advocating, or defending said forbidden things against the person so giving, promising, or loaning anything of value as aforesaid.

SEC. 12. That any alien convicted under any of the provisions of this act after serving his sentence shall be taken into custody and be deported under the immigration laws of the United States then in force. Any person convicted under this act who has declared his intentions of becoming a citizen but has not been naturalized shall be forever ineligible to citizenship, and it shall be the duty of the Attorney General to institute proceedings to cause his petition and declaration of intention to be dismissed and annulled and all court proceedings in his case quashed and to furnish to the Secretary of Labor such data as to enable him to cause such person to be deported under the immigration laws of the United States then in force. The conviction of any person who is a naturalized citizen of the United States of any of the things forbidden in this act shall be sufficient to authorize the cancellation of his or her certificate of naturalization in the manner provided by the naturalization laws of the United States then in force. It shall be the duty of the Attorney General to institute proceedings and conduct the same to a final judgment immediately after conviction and sentence of the naturalized citizen aforesaid. Every alien deported under this act is hereby forbidden to again enter the United States or any Territory or possession thereof. It shall be the duty of the Attorney General of the United States to enforce this provision against all deported aliens returning to the United States as aforesaid.

SEC. 13. That in any investigation or prosecution for any of the offenses specified in this act no person shall be excused from attending or testifying or deposing, or from producing any book, paper, document, or other evidence on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate

him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which in obedience to a subpoena and under oath he may so testify or in obedience to a subpoena shall produce evidence, documentary or otherwise. But no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 14. That if any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Sec. 15. That section 5334 of the Revised Statutes, section 4, act of March 4, 1909 (vol. 35, Stat. L., p. 1088), be, and the same is hereby, repealed. Any offenses heretofore committed in violation of said section 5334 and all cases pending thereunder may be prosecuted and punished as therein provided in the same manner and with the same effect as if this section had not been enacted.

Sec. 16. That any person convicted of violating any of the provisions contained in any of the sections of this act, except sections 1 and 2, shall be punished by being imprisoned for not more than 20 years or fined not more than \$20,000, either or both. And any citizen of the United States convicted under this act shall be forever debarred from voting thereafter and holding any office of profit, honor, or trust under the United States.

Mr. OWEN. I ask to have printed the statement of Mr. Alfred Bettman in its continuous form.

There being no objection, the matter referred to was ordered to be printed in the Record, as follows:

In response to your request for a legal opinion upon the sedition bill reported by the House Judiciary Committee, will state as follows:

Under our constitutional system protection of private persons or property is reposed exclusively in the State governments. The Federal Government has no jurisdiction over such protection, nor can the alleged purposes for which acts of violence were committed against private persons or property be used to give jurisdiction to the Federal Government, for the reason that that would be punishing the purpose and not the acts. To punish the purpose would be contrary to all fundamental principles of American constitutional law. Therefore all the provisions of sections 2, 5, 9, 10, and 11, in so far as they relate to private persons or property, would be unconstitutional, since they are beyond the jurisdiction of the Federal Government.

The same is probably true of violence against a State government, because the only method provided in the Constitution for the protection of State governments against internal violence is the sending of Federal troops.

The use of such words as "suggested" and "taught," in section 4, are dangerous to freedom of speech and contrary to American tradition.

Penal laws should define crime with such exactitude that nothing is left to arbitrary decision or the prejudices of the court and the jury. Section 6 maintains a peace-time censorship contrary to the American principle, that this is a Government of law and not of men. It is also contrary to the fundamental Anglo-Saxon principle of liberty of speech and press, which is that there shall be no suppression in advance, but only responsibility after publication.

Sections 9, 10, and 11 also violate the fundamental principle of American and Anglo-Saxon institutions; namely, that guilt is personal and not by association. If enacted those sections would place upon American statute books a Prussian and czaristic-Russian institution.

Section 6 of the present penal code, and other sections of that code, cover every possible case of seditious conspiracy against the Government of the United States, and every act of violence or resistance against the authority of the United States.

I can not see clearly why there should be need for further legislation, unless it is desired to reach individual advocacy of violence against Federal officials or Federal property, which are not a part of any conspiracy. If so, such legislation should be carefully restricted to advocacy of violence against Federal officials or property, as is the language of the present seditious conspiracy section of the Federal penal code.

The bill as reported by the House Judiciary Committee in respects, as above pointed out, goes beyond the constitutional bounds of the Federal

jurisdiction and violates the fundamental principle of American and Anglo-Saxon civil liberties.

(Signed) ALFRED BETTMAN.

Mr. OWEN. I call attention to several other opinions which have been sent to me regarding this matter.

Prof. C. Chaffee, of the Harvard Law School, says:

This bill, if enacted, will be the first of its kind since the notorious sedition act of 1798, opposed by Marshall and denounced as unconstitutional by Jefferson and Madison. Without such laws this country has passed through much worse crises than the present.

Dr. Frederick C. Howe says:

This bill makes an end to freedom of the press in America. It invites the provocateur, espionage, and spying of all kinds.

Jackson H. Ralston, an eminent attorney of Washington, says:

Its language is so broad, its terms so indefinite, that no man can know what is criminal under it until Federal judges tell us what it means.

Mr. Samuel Gompers, representing as he does several million workmen, with their dependents amounting to millions of people more, is naturally concerned that this bill, under the color of protecting the Government against force and violence, shall not be used to suppress the rights of those who live and labor in this country to advocate a betterment of their own condition.

His loyalty ought not to be questioned. That man, when the world was shaken with war, stood like a rock and like a hero and marshalled the labor of this country to avoid strikes and use its utmost patriotic efforts in the making of munitions and to the rendering of those services without which the war could not have been won. No man ought ever to impute to him a lack of loyalty or a lack of patriotism. He deserves well of his country; he deserves the respect and affection of his country. He said, indeed, that—

Section 5 of the bill, unbelievable as it may seem—

Yes; "unbelievable as it may seem"—

makes it a crime to wear in public any button of an organization whose purpose is to obtain an amendment to the Constitution of the United States or any existing Federal law.

Samuel Gompers says that; yes, he says it, and I say it, and the proposed bill says it. Look at that proposed statute. I have put it in the RECORD.

Mr. President, the liberties of the people of the United States comprise the most precious possession of the people of this Republic. It is upon liberty that the wisdom and the conscience and the patriotism of the mass of our citizens have been able, through their processes of education and of industry, to build up our great Republic with its wonderful powers. I should regard it as a national catastrophe if any act should be passed which would jeopardize those liberties or menace freedom of speech or the freedom of the press. I have often been disgusted and pained by the folly and falsehood of articles printed in the press, but folly passes and falsehood dies away, while the lessons of wisdom and truth which also daily come through the modern press remain and the world is enriched by their fruits.

Liberty—freedom—freedom of speech, of the press, of religion, of political opinion—freedom from the threats or menace of autocratic bureaucrats must be preserved if "the rights of life, liberty, and the pursuit of happiness" are to be preserved.

160550—20355



SEVEN YEARS OF DEMOCRACY

AN ADDRESS

BY

HON. ROBERT L. OWEN
OF OKLAHOMA

DELIVERED BEFORE THE DEMOCRATIC
STATE CONVENTION OF OKLAHOMA
ON FEBRUARY 5, 1920, IN THE CITY OF
MUSKOGEE, OKLAHOMA

(Printed in the CONGRESSIONAL RECORD, Friday, February 27, 1920)



WASHINGTON
GOVERNMENT PRINTING OFFICE
1920

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AN ADDRESS

BY

HON. ROBERT L. OWEN.

"Mr. Chairman and fellow citizens:

"True Democracy is a religion. It is not completely monopolized by the members of the Democratic Party. Many of its loyal disciples find themselves affiliated with other parties. Democracy truly believes in the rule of the people, in their wisdom, in their common sense, in their common honesty, in their justice, in their patience and steadfastness, in their right and ability to govern themselves. It thinks in terms of the greatest good to the greatest number. Its disciples should be 'Soldiers of the Common Good.' Its great patron saint was Thomas Jefferson, who stood for freedom of religion, freedom of speech, freedom of the press, the education of the people by free schools, the right of every citizen to vote.

"On these principles Jeffersonian Democracy took control of the Government in 1801 and held it for many decades. When the party organization became weakened by selfishness and fell under the control of those who believed in human slavery, it passed from power by a revolt of Jeffersonian Democrats, who would not stand for human slavery. They organized a new party and took the name which the followers of Jefferson had employed in 1800, calling themselves Republicans.

"When the wise and kind Lincoln, on the field of Gettysburg, prayed that the Government of the people, for the people, and by the people should not perish from the earth, he voiced the spirit of true democracy throughout the world.

"When the Republican Party got control of the Government during the Civil War, 1861-1865, every selfish interest that wished to use the powers of government for private advantage gradually attached itself to the Republican Party, courted its leaders, became busy in its organization, contributed to its elections, promoted its nominations, and steadily obtained an increasing influence in its management. Unhappily it seems to be the history of all parties.

"When in 1912, after many years, it became obvious that an invisible government of organized commercial and financial selfishness had gained control of the organization of the Republican Party and of the governing powers of the people of the United States, the spirit of democracy, that sleeps but never dies, arose in the hearts of the Progressive Republicans, under the leadership of Theodore Roosevelt, and by this revolt there was given to the Democratic Party its first real opportunity since the Civil War to demonstrate that it had, through tribulation, come back to the true principles of Democracy of Jefferson, of Jackson, and of Lincoln, and magnificently the Democratic Party has responded. It was assisted on many occasions by patriotic Progressive Republicans.

"We have thousands of new voters who will seek to know what the party did when it got the power to act. They will ask and our unmindful opponents will ask:

"What did the Democratic Party do?"

"Let us answer that:

LOWERED THE TARIFF.

"Immediately it revised the 'robber' tariff. It cut down the prohibitive schedules that selfishly sheltered monopoly in the United States. It put the necessities of life on the free list—the free-list importations have increased a billion dollars a year under Democratic management; it removed unjust tariff discriminations, and by lowering the tariff stimulated our imports and our exports. (38 Stats., 114, Oct. 3, 1913.) Our foreign commerce has increased from four billions in 1913 to ten billions in 1919. Let Democrats always keep in mind that, by logical necessity, ultimately imports measure exports and exports measure imports.

"It established the *Tariff Commission* (39 Stats., 795), to take the tariff out of politics and deal with it strictly as a business matter. The old rallying cry of the Republican Party of the Protective Tariff League, which promoted laws to tax the consumers for the benefit of the selfish members of the league, is gone, because of the necessity now of admitting the commodities of Europe, as the only available means by which the people of Europe can repay the many billions of loans made them by our Government and by our people. It has been demonstrated that a revenue tariff, fairly drawn, is abundantly sufficient to honestly protect American industries against foreign competition.

"The overwhelming majority of American industries, because of the enormous production and productive power of American machinery, can now compete on the most favorable terms with any nation in the world.

"What did the Democratic Party do?

PROGRESSIVE INCOME TAX.

"It placed the taxes on those best able to pay the taxes, and from whom taxes were more justly due. It took the tax from the backs of the consumers and placed it upon incomes, by the *progressive-income tax*, so that those who could pay the cost of the Government without distress should do so. (39 U. S. Stats., 756, Sept. 8, 1916.)

"It passed a *progressive-inheritance tax* so that the wealth of the country should pay for its own protection. (39 Stats., 1091, Mar. 3, 1917.)

"Do the American people want these statutes repealed?

"It passed the *excess-profits tax*, to compel those profiting by war conditions to meet the larger part of the cost of war. (39 Stats., 1000, Mar. 3, 1917.)

"It passed the *war-profits tax* for the same reason. (40 Stats., 1088, Feb. 24, 1919.)

"What did the Democratic Party do?

THE FARMERS.

"It made a resolute effort to benefit the farmers of the country, and to improve our agricultural output. For instance:

"It passed the *farm loan act*, enabling the farmers of the country to obtain cheap money on long time from the investing public, through nontaxable farm-loan bonds. Over \$300,000,000 have been loaned to farmers, and under this system ultimately the farmers of the country will get nearly all the money they require at the cheapest rates. (39 Stats., 360, July 17, 1916.)

"The farm loan act had the effect of compelling land-mortgage banks to lower their interest rates, and thus has been of great value to the farmers.

AN ADDRESS
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"When in 1912, after many years, it became obvious that an invisible government of organized commercial and financial selfishness had gained control of the organization of the Republican Party and of the governing powers of the people of the United States, the spirit of democracy, that sleeps but never dies, arose in the hearts of the Progressive Republicans, under the leadership of Theodore Roosevelt, and by this revolt there was given to the Democratic Party its first real opportunity since the Civil War to demonstrate that it had, through tribulation, come back to the true principles of Democracy of Jefferson, of Jackson, and of Lincoln, and magnificently the Democratic Party has responded. It was assisted on many occasions by patriotic Progressive Republicans.

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"Let us answer that:

LOWERED THE TARIFF.

"Immediately it revised the 'robber' tariff. It cut down the prohibitive schedules that selfishly sheltered monopoly in the United States. It put the necessities of life on the free list—the free-list importations have increased a billion dollars a year under Democratic management; it removed unjust tariff discriminations, and by lowering the tariff stimulated our imports and our exports. (38 Stats., 114, Oct. 3, 1913.) Our foreign commerce has increased from four billions in 1913 to ten billions in 1919. Let Democrats always keep in mind that, by logical necessity, ultimately imports measure exports and exports measure imports.

"It established the Tariff Commission (39 Stats., 795), to take the tariff out of politics and deal with it strictly as a business matter. The old rallying cry of the Republican Party of the Protective Tariff League, which promoted laws to tax the consumers for the benefit of the selfish members of the league, is gone, because of the necessity now of admitting the commodities of Europe, as the only available means by which the people of Europe can repay the many billions of loans made them by our Government and by our people. It has been demonstrated that a revenue tariff, fairly drawn, is abundantly sufficient to honestly protect American industries against foreign competition.

"The overwhelming majority of American industries, because of the enormous production and productive power of American machinery, can now compete on the most favorable terms with any nation in the world.

"What did the Democratic Party do?

PROGRESSIVE INCOME TAX.

"It placed the taxes on those best able to pay the taxes, and from whom taxes were more justly due. It took the tax from the backs of the consumers and placed it upon incomes, by the progressive-income tax, so that those who could pay the cost of the Government without distress should do so. (39 U. S. Stats., 756, Sept. 8, 1916.)

"It passed a progressive-inheritance tax so that the wealth of the country should pay for its own protection. (39 Stats., 1091, Mar. 3, 1917.)

"Do the American people want these statutes repealed?

"It passed the excess-profits tax, to compel those profiting by war conditions to meet the larger part of the cost of war. (39 Stats., 1000, Mar. 3, 1917.)

"It passed the war-profits tax for the same reason. (40 Stats., 1088, Feb. 24, 1919.)

"What did the Democratic Party do?

THE FARMERS.

"It made a resolute effort to benefit the farmers of the country, and to improve our agricultural output. For instance:

"It passed the farm loan act, enabling the farmers of the country to obtain cheap money on long time from the investing public, through nontaxable farm-loan bonds. Over \$300,000,000 have been loaned to farmers, and under this system ultimately the farmers of the country will get nearly all the money they require at the cheapest rates. (39 Stats., 360, July 17, 1916.)

"The farm loan act had the effect of compelling land-mortgage banks to lower their interest rates, and thus has been of great value to the farmers.

"The Republican Senate, without a hearing, reported a bill recently to repeal the tax-exemption features of the bonds based on joint-stock bank mortgages authorized under this bill, but withdrew it when protests were filed.

"The Democratic Party passed the *Smith-Lever agricultural extension act*, under which the vast knowledge acquired by the Agricultural Department in agriculture, horticulture, animal industry, bee culture, farm economics, canning and preserving foods, raising poultry, etc., has been put at the service of every farmer in every agricultural county in America by trained men and demonstration farms. (38 Stats., 1086, Mar. 4, 1915.)

"The Democratic Party passed the *good roads act* and appropriated millions to build, by cooperation with the States, hard-surfaced roads connecting the farms with the cities, to the advantage of both. (39 Stat., 355, July 11, 1916.)

"The Democratic Party has vigorously expanded the *rural-route system*—delivering mail to the farms.

"It has built up the *Parcel Post System*, carrying parcels to and from the farm, and to and from the cities. Do the American people or the farmers want these acts repealed?

"What has the Democratic Party done?"

LABOR LAWS.

"It has shown its deep desire to serve those who labor.

"It established a *Department of Labor*; has developed it; has made it useful in steadily improving the conditions of life for those who labor. (37 Stats., 736, Mar. 4, 1913.) It has established *employment bureaus*, to bring the man and the job together. It helps to settle disputes between labor and capital. It has developed the *Bureau of Mines* and the *Bureau of Standards*.

"It passed the *child-labor act*, to prevent employers from denying children their right to be educated, and to have some of the freedom of youth. (39 Stats., 675, Sept. 1, 1916.)

"It passed the *eight-hour law*—one of the great accomplishments desired by organized labor. (39 Stats., 721, Sept. 3, 1916.)

"It passed laws providing for the *minimum wage*.

"It passed the *workmen's compensation act*, for accidents and death in industry. (40 Stats., 961, Sept. 13, 1918.)

"It exempted combinations of laborers and of farmers from the inhibitions of the antitrust act.

"It passed a great act declaring that '*labor is not a commodity*.' This act is regarded as a magna charta for labor, and forbids labor, consisting of human flesh and blood, to be handed about as a chattel. (38 Stats., 731, Oct. 15, 1915.)

"It passed an act providing for *vocational instruction* and is engaged now in giving vocational instruction to many of our young soldiers returning from abroad who have sought this advantage. I heartily wish a larger number were being given these advantages of instruction. (39 Stats., 929, Feb. 23, 1917.)

"Do they who labor desire to rebuke the Democracy for these acts and have these laws repealed?"

"It passed the *seamen's act* to give liberty to those who labor on the high seas, to put an end to the slavery practiced on sailors, to provide better conditions of life at sea, and safety at sea for the sailors. This legislation has been of very great value in raising the wages of sailors and making the profession more attractive to young men. It was a necessary step in

order to provide men who would be needed for the great merchant marine which the Democratic Party desired. (38 Stats., 1164, Mar. 4, 1915.)

MERCHANT MARINE.

"The Democratic Party has now built up a gigantic merchant marine, with 10,000,000 tons of shipping, big enough and strong enough to take our commerce and our flag to every port in the world. This alone is a monumental service to the American people.

MONOPOLIES.

"What did the Democratic Party do?

"It did many things to abate the evils of monopoly.

"It passed the *Clayton Antitrust Act*, providing various means with which to check the practice of monopoly. (38 Stats., 730, Oct. 15, 1914.)

"It established the *Federal Trade Commission*, with authority to suppress unfair practices in commerce. The Federal Trade Commission is destined, by its example, by its policies, and by its work, finally to teach the American people how to control the abuses of monopoly and of profiteering. (38 Stats., 717, Sept. 26, 1914.)

"The greatest of all monopolies in America was the monopoly of money and credit, known as *the Money Trust*.

FEDERAL RESERVE ACT.

"The Democratic Party passed the *Federal reserve act*, established 12 credit centers, with 12 great Federal reserve banks under the control of the Government of the United States through the Federal Reserve Board, so that any citizen having sound credit, based on commodities or on actual commercial transactions, could have his note underwritten by his local bank and get money from the Federal reserve bank. This act took from the Money Trust the monopoly of credits. (38 Stats., 251, Dec. 23, 1913.)

"This act has enabled the 25,000 banks in the United States to accommodate our national commerce without asking permission of any private monopoly. This act has made panics impossible. It has given great stability to the banks and to credits. Under this act in six years the resources of the national banks have increased from ten billions in 1913 to twenty-two billions in 1919. All the banks included have had their resources increased from twenty-five billions to forty-eight billions under Democratic management in six years. Not a single national bank failed in 1919.

"This act enabled the United States to finance Europe, to organize and conduct and to win the greatest war in history. Those who fought this act are now asking the people of the United States to put them in control.

"Do the business men of America want this act interfered with or to rebuke those who passed the act over persistent Republican opposition?

"The Democratic Party has developed the *postal savings banks* for the accommodation of those timid people who do not deal with the banks but are willing to trust their deposits with the Government, and their deposits are thus made available for the banks. Under these acts the banks of the United States have had the greatest prosperity in their history and at the same time have substantially lowered the rates of interest to American business men.

"What did the Democratic Party do?

"It has passed many acts improving the *Public Health Service* for the conservation of human life.

POPULAR GOVERNMENT.

"It has done many things to promote *popular government*. It was due to the Democratic Party and the Progressives that the *direct election of United States Senators* was put into the Constitution. This amendment has made the Senate of the United States more responsive to the opinions of the people, and will make it still more responsive than it is now.

"Do the people want to vacate or abandon this right or rebuke the Democracy for demanding greater power for the people?

"The Democratic Party *democratized the committees* of the United States Senate by giving the committees control of the chairmen and of conferees.

"The Democratic Party established *modified cloture in the Senate* so that a few men could not by unlimited debate permanently defeat the will of the Senate itself. (1917, vol. 55, p. 19.)

"It passed an act forbidding *bribery in elections*.

PEACE TREATIES.

"It negotiated *peace treaties with all the important nations of the world except Germany, Austria, Bulgaria, and Turkey, who wanted war—and got it.*

IT CONDUCTED THE WAR TO VICTORY.

"*It kept this Nation out of war until it became clear that the liberties of America and of the world were in jeopardy from the aggressive conduct of the Teutonic allies. When war became necessary for the protection of the honor, the dignity, the liberties of the American people, the Democratic administration organized the Council of National Defense; organized the Nation for war, down to the very crossroads; passed the declaration of war and the great war measures; established the War Industries Board, the War Trade Board, and the food and fuel control; financed the entente allies; passed the war marine insurance act; set up the War Risk Insurance Bureau; organized over 30,000 four-minute men; called to the colors 10,000,000 Americans; raised an army of over 4,000,000 men; expanded the Navy and merchant marine; provided the munitions of war; trained and transported the required forces to Europe; protected them from disease and vice as far as humanly possible; broke up the German submarine campaign; crumpled the lines of the German troops in France; crushed the morale of the Teutonic forces and compelled their military leaders to beg for an armistice, in effect an unconditional surrender, thus saving the civilization of the world from the greatest military menace in the history of mankind.* (39 Stats., 649; 38 Stats., 711.)

PROGRESSIVE REPUBLICANS.

"Mr. Chairman, I wish to express my warm and heartfelt respect for the patriotic Republicans and citizens of other parties who loyally cooperated from the Atlantic to the Pacific in winning this Great War. And I wish to express my deep gratitude to those progressive Republicans who cooperated with the Democrats in the great legislative program of the six years of Democratic control.

"What did the Democratic Party do?"

"Why, it passed the '*selective-draft act*,' by which rich man and poor man, educated man and ignorant man, Protestant and Catholic, Jew and Gentile, black and white, took their position side by side on the battle line or in the service of the country where each was best fitted to protect the liberties of their common country. Never was a more democratic act passed. No man was permitted by law to buy a substitute with money, but every man's life and service was put upon a basis of equality in the defense of his country. (40 Stats., 76, May 18, 1917.)

"What man had the impudence to question the '*Americanism*' of the Democratic Party in all these great accomplishments? What is '*Americanism*' if it be not the great policies which the Democratic Party have put into execution when it stamped out sedition at home, whipped the Hun abroad, and made America the commercial, financial, and moral leader of all the world, so that all great nations do homage to the United States, and small nations, when they bend their heads in prayer, pray God to bless the American people. America has become the beacon light to all mankind, and no narrow partisan can hide this light under a bushel or question the glorious Americanism of the Democratic Party.

"Under the *War Risk Insurance Bureau* was written insurance for our soldiers abroad of \$40,000,000,000, and under our war marine insurance act American commerce was protected without loss to the Government.

"The Democratic Party passed the *War Finance Corporation act* for the protection of our business men under the extraordinary interruption and stress of war.

"It passed the *capital-issues act* in order to safeguard all credits of the country and make them available for war. (40 Stats., 512, Apr. 5, 1918.)

"It organized the *Red Cross movement* down to the crossroads, and in this Great War enterprise the Democratic Party gladly availed itself of the patriotism of citizens of all parties.

TWO GREAT AMENDMENTS—WOMAN'S SUFFRAGE; PROHIBITION.

"By the combined efforts of the progressive men in both parties two great amendments to the Constitution of profound social and moral significance have been passed—woman's suffrage and prohibition. Of still greater importance is the fact that these great reforms were due to the progressive men and women in the homes of America.

THE ELECTION OF 1918.

"Before the Great War had terminated successfully there came on the election of 1918, in which the party lost many votes because men who were aggrieved by the conduct of the war, by the selective-draft act, by the operation of the Army and naval forces; many men injured by the priority orders and the conduct of the railroads where the administration had to give the right of way for war purposes; many men injured by the Government commandeering materials and men; many men hurt by the sudden raise in prices, due to the Government competing for men in the shipbuilding yards and in munition plants; many offended by high taxes and by the extravagance and waste of war visited their displeasure on the Democratic Party.

"Many men of German blood or of German sympathy who resented the United States going into war.

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"Many men who opposed war as a principle were either turned against the Democratic Party or their devotion to the party was weakened.

"There was a general disposition to blame somebody, and the administration was the victim.

"The Democratic Party, with its leading men intensely occupied with the winning of the war, were in no position to present the accomplishments of the Democratic Party to the people of the country.

"Moreover, in 1918 the United States had the extraordinary affliction of 'Spanish influenza,' which killed in that year 447,000 of our people and over 380,000 of them died in the fall of 1918. Under the advice of physicians political meetings were forbidden.

"Was it any wonder the Democrats lost both Houses? Moreover, the result of the war was still unknown. It is now generally conceded that the President's famous preelection letter alienated many liberal or progressive Republicans and vitalized those who were partisans to strenuous activity in resentment of what they construed to be an affront and lack of appreciation of their loyalty in supporting the war activities of the administration.

"Mr. Chairman, I wish it might be truly said that none of our people during the Great War, either Democrat or Republican, had made any mistakes in the management of the war in the Army or Navy, or of the railroads, or of the telegraphs or telephones, or of any of the Government's affairs [Republican and Democratic citizens were almost equally divided in these activities, but the percentage of errors and wrongs was very small considering the magnitude of our operations in the war]; but I can truly say that the record of accomplishments in the last six years of complete executive and legislative control by the Democratic Party is the most magnificent ever made by any party in any country.

"The Democratic Party found the United States in depression in 1913, threatened with a panic. The New York banks declared in the summer of 1913 that they did not expect to be able to furnish the money to move the crops in the fall, and the country banks were advised not to expect the customary rediscount privileges. The Democratic administration thereupon furnished the money out of the United States Treasury to move the crops and repeated the same operation in 1914, and now, after six years of Democratic management, the country has been brought up to a condition of the greatest prosperity in its history. The banks are crowded with money, the people are living better than ever, business is prosperous, everyone desiring to labor can find the opportunity, the trains are crowded, and the hotels are overflowing.

"Is it possible that the alleged delinquencies of a few individuals, great or small, shall blot out the legislative and executive accomplishments of the Democratic Party?

"Is it possible that the human frailty of a few citizens in office will be urged as a just reason for reversing and condemning at the polls the ideals and the progressive, constructive policies of the Democratic Party and rebuking the spirit of loyalty and service by which it has been inspired?

"Mr. Chairman, such a judgment would be as thoughtless and as unjust as the condemnation of our sons who won the

battles of the Argonne because some of them blundered and lost their way in the excitement of battle or came out of the carnage with muddy shoes and bloody uniforms.

"The Democratic Party was wounded in this Great War. It was wounded in many ways, but it came nobly through every trial and brought to the American people the most glorious victory ever recorded in all the annals of time. It made America the leader of the world.

"No party in history ever deserved better of the people than the Democratic Party now deserves of the people of the United States.

THE PEACE TREATY.

"Our President, whose leadership and whose sympathies were behind the record of the last six years, went to Paris and brought back a glorious peace treaty, establishing peace among all the nations of the world, by which all the nations of the world pledged themselves to respect and preserve the territorial integrity and political independence of other nations; to settle all international disputes by conciliation, arbitration, and peaceful adjustment; to end competitive armament; to coerce any outlaw nation again attempting to deluge the world in blood by a world-wide economic boycott and by such pressure as should be necessary to restore order.

"After many months of study and acrimonious debate the treaty of peace at last has four-fifths of the Senate in favor of it without amendment or with reservations that, after all, do not seriously change its meaning.

"The covenant of the League of Nations ushers in a new democratic era in which all the great nations have agreed that all just government is based on the consent of the governed.

"The monarchies and autocracies are crushed. The democracies of earth are completely and overwhelmingly triumphant throughout the whole world.

"But to accomplish this magnificent result our people lost a hundred thousand of our best young men, twenty-six billions of money, and dislocated all of our internal affairs.

"Shall we now lose the reward of these sacrifices—the greatest opportunity of service in our history—by refusing to ratify the treaty and thus fail to assume the moral leadership of mankind which is tendered our Republic by the unanimous sentiment of all the free nations? Shall Senators take a small revenge on the President for his alleged neglect of the Senate, reject the treaty, wound all the friendly nations of earth, who fought to the death in the cause of liberty side by side with us, and lose our preminent position with them purchased at such a sacrifice? Shall the beloved youth of the world, our own best beloved, have died in vain?

"If the treaty be not perfect its errors can be corrected without tearing down the entire structure. Justice and reason will prevail in the assembly of the world's best representatives. The treaty should be ratified without delay, with such reasonable reservations as shall put the American people whole-heartedly behind it.

THE FUTURE.

"And now, Mr. Chairman, we are face to face with the immediate future. It is not enough to say what we have done; it is of the greatest importance to say what we shall do. The spirit and purpose, the vision and constructive genius which the

Democratic Party has exhibited in the last six years, justifies the faith that this great party can be better relied on than any other party to solve the reconstruction problems following the war.

THE HIGH COST OF LIVING.

"The greatest problem confronting the country is the high cost of living, which deeply concerns those of fixed salaries, fixed wages, fixed small incomes.

"Many causes have combined to bring about the high cost of living and cut down the purchasing power of the dollar. The principal causes are:

"1. Credit expansion in the form of United States bonds and certificates of indebtedness, short-time Treasury notes, exceeding \$26,000,000,000.

"Expansion in bank deposits, amounting to nearly \$20,000,000,000 from 1913 to 1920.

"Expansion of Federal reserve notes, made necessary to meet rising prices and the consequent increased demand for actual currency.

"Expansion of gold sent to America to balance our excess commodity shipments abroad, amounting to eleven hundred million dollars.

"These expansions of credits make dollars much easier to get and make the exchange or purchasing value of the dollars less because dollars are easier to get.

"Similar foreign credit expansion in foreign bonds, bank deposits, and currency has in like manner reacted on prices abroad and raised the prices of foreign commodities imported into the United States.

"2. Diminished production. European labor for five years, and American labor for two years, has been largely withdrawn from the production of goods and raw materials required for normal peace times. In the United States we withdrew from the factories, fields, mines, forests, and fisheries over 4,000,000 men and put them under arms and in training for war, and we withdrew probably 10,000,000 laboring people from the activities of peace to the activities of war, causing a diminished production of goods.

"3. Increased consumption. The increased consumption by war in the destruction of property on land and sea, by the waste and extravagance of war, emphasized diminished production.

"4. High cost of labor: Because of the urgency of war and strenuous competition, extraordinarily high prices were paid for labor in our factories, in munition plants, in shipbuilding yards, and other Government and private works engaged in war purposes. The withdrawal of millions of men for war added to the scarcity of labor and doubled the prices paid.

"The extraordinarily high pay led many men to work half time—lowering production. They satisfied their wants with half-time labor.

"5. The extraordinary European demand for the necessaries of life added greatly to the demand for American goods and raised prices in America on all the necessaries of life.

"6. Impairment of transportation: Transportation on land and sea was subjected to ruinous losses. Millions of tons of ships were sunk. There was no time to repair or rebuild cars or locomotives, or to keep the railways in good condition, and

now transportation is lacking efficiency even where production is available, thus adding to the cost of living.

"7. The excess-profits tax and certain war taxes have been shifted to the price of commodities, and thereby upon the consumer, raising the cost of living.

"High taxes of all kinds are in some degree put on the cost of goods wherever possible.

"8. Interstate monopolies, restricting production, restraining trade, hoarding necessities of life and raw materials, and exacting unfair profits and high prices has added immensely to the high cost of living.

"9. Profiteering: Many people are taking advantage of unsettled prices and conditions and the absence of a suitable mechanism to control it, to profiteer on those who are compelled to buy.

"10. The unequal distribution of wealth, exaggerated by war, has led to extravagance and waste by thousands who have profited and set a false standard of prices in many lines by the reckless expenditure of those who need not measure the cost, compelling people who can not afford it to pay fictitious and false prices.

"11. Wholesale speculation in stocks, commodities, real estate, and business has led to excessive interest rates—going up on the stock exchange to 20 and 30 per cent; a 6 and 7 per cent rate by the Federal reserve banks, and 7, 8, and 9 per cent for commercial loans. This is one of the most serious factors in the high cost of living, because as goods pass through various hands each adds a merchant's profit to the original high cost. It has also resulted in depreciating United States Liberty bonds, because they bear a reasonable and moderate rate of interest, and seem a poor investment beside current rates much higher.

"Speculation in stocks alone was employing on the New York Stock Exchange within the last few months \$1,900,000,000 loaned by banks on call or short terms for speculation. Such credits should be preferably used by the commercial banks for industry and commerce at legal rates.

REMEDIES.

"Some of the causes of the high cost of living can be almost immediately corrected, and steps should be taken of a concrete character by which to reduce the cost of living. Among the remedies which are obvious is *to stop the expansion of credit for unproductive purposes*, such as pure speculation in stocks, commodities, and real estate.

"The productive power of the people of the United States amounts to approximately seventy billions per annum, and will supply all the credits required for the most vigorous development.

"2. *To stabilize the Federal reserve note issue* and keep the currency at a relatively stable figure.

"The per capita circulation in the United States in 1890 was \$22.82; in 1900, \$26.93; in 1910, \$34.33; in 1914, \$34.35; in 1919, \$54. The expansion in 1919 included \$11 gold per capita sent from abroad in exchange for goods.

"3. *The taxes should be reduced and the cost of the war should be extended over 50 years*, so that the cost of the war will be distributed over the future and not fall too heavily upon the present generation or compel high taxes in paying the principal at this time.

"5. *The Federal Reserve Board should lower the normal rate of interest for discounting for member banks to not exceeding 3 or 4 per cent as a normal rate, increasing the rate if banks seek discounts in excess of a fair proportion of the reserves to which such bank is entitled.*

"6. *The United States Government should be conducted on a strict budget system, limiting expenditures to a moderate income by reasonable taxation. Extravagance and waste in government should be prevented and treated as a serious wrong. Very great economies are possible in governmental administration and should be vigorously worked out under the most improved modern methods.*

"7. *The people of the United States should demand reasonable interest charges, and usury should be checked. The artificial usurious rates charged on call loans in the Stock Exchange in New York should be forbidden by law, and restrained by the powers of the Comptroller of the Currency and the Federal Reserve Board and by act of Congress if necessary.*

"*Call loans on stock exchange collaterals should be converted into time loans for the benefit of the stock exchange as a true market place and as a sound public policy. Time loans can not command very high usurious rates.*

"*It will be impossible for the railroads of the country to get money on their bonds at decent rates unless the normal interest rates are brought down. Unless the railroads can be financed on a fair interest rate for their bonds the public will pay the bill in higher freight rates and passenger fares. If the interest rates are brought down to a reasonable basis, the United States Government bonds will come back to par.*

EXCESS PROFITS.

"*The excess-profits tax should be repealed, and the Government should go out of partnership with those who are charging the American people excess profits. The Federal Trade Commission should have its powers expanded as an agency by which to reduce the high cost of living by restraining unfair practices in interstate commerce.*

RIGID ECONOMY NECESSARY.

"*During the war it was exceedingly difficult to entirely prevent waste and extravagance, but now the Government should enter upon a policy of rigid economy in the management of its affairs. Economy is as essential in Government as it is in private affairs, and if we are to lower taxes it is essential that every expense should be avoided consistent with the efficient conduct of government.*

MONOPOLIES.

"*The practices of interstate monopolies in limiting production in order to limit supply and charge extortionate prices should be stopped by the Government as an unfair practice. Unfair price fixing and hoarding for speculation should be forbidden. It will be far better for monopolies to turn out five times as much at 20 per cent profit than charge 100 per cent profit on one-fifth of the output. Even those who profit by monopoly should remember that they themselves are the victims of other monopolies, and that their profits would be more valuable if their dollars had a larger purchasing power. The Sherman antitrust law has failed, because the Supreme Court declared that 'reasonable restraint of trade is not obnoxious to the statute,' and no man knows what a 'reasonable restraint of trade' signifies.*

"The Federal Trade Commission should have power to limit interstate monopolies to a reasonable percentage of profit on their turnover, so that the public interest is preserved while not denying an abundant reward to those who transact the business of the country. This has been fairly well accomplished by the Cartel system.

PROFITEERING.

"Profiteering should be dealt with in the same manner by National, State, and local authorities, and public opinion should be aroused so as to make those guilty of profiteering feel the disapproval of the public, and so that suitable remedies may be provided to abate this evil without denying the just rewards for initiative and industry in commerce.

PRODUCTION—LABOR AND CAPITAL.

"It is of extreme importance that production should be stimulated, and this involves many factors. It involves reasonable, stable, low interest rates. It involves equally the rights of labor, of management, of capital, and of the public. Labor is both manual and mental and is entitled to the fullest consideration. The efficiency of labor for several reasons has been seriously impaired. Labor is estimated in many lines to be from 30 to 40 per cent below its productive capacity prior to the war, notwithstanding the high prices paid for labor due to the unrest of labor and the dislocation of labor under war conditions; to the extraordinary prices paid during war times; to extraordinary profits during war by the employers of labor; due to trained men being taken away from the stations in which they were expert to other more profitable lines in making war material. Readjustment is needed. This can be promoted by encouraging frank and free discussion and arranging peaceful methods by which labor will participate in what it produces above a bare living wage. The employee should not be regarded merely as a money-making machine, but altogether as a human being, entitled of right under the Constitution to life, liberty, happiness, and a reasonable participation in the profits arising from labor. This policy is advisable both for the sake of the employer and the employee. When the workman knows that he is working both for himself and his employer he will not indulge in or permit the killing of time, the waste of material, of energy. Labor management and capital should work together on the principle of service to all mankind along lines of cooperation in a spirit of fellowship, sympathy, and mutual support. It will not do in a democracy to rely solely on the physical powers of the Government and brute force to control human unrest. That remedy is a two-edged sword, dangerous alike to capital and to labor, and to the stability and peace of the Government itself. The doctrine of mere arbitrary force should not be seriously entertained by thinking men who love liberty after the lessons of this war.

"Neither labor nor capital can be expected to render willing service unless it receives a just and satisfactory compensation.

"To prevent strikes and lockouts, the causes should be found and removed.

"Increased productivity should be for the service of all, and not exclusively or unduly for profit.

DISTRIBUTION.

"Much can be done in promoting improved methods of distribution through improved organization, through terminal warehouses and distributing centers and a central board of informa-

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tion through which sound advice can be given to those engaged in the process of distribution.

"The improved use of warehouse receipts as a basis of credit through the expansion of the acceptance system in furnishing credit for goods in process of actual distribution.

GOOD ROADS.

"The building of hard-surfaced roads and the use of motor trucks and automobiles is a very important part of cheapening the process of distribution and lowering the cost of living. The United States should vigorously promote this development in conjunction with the States.

LAW AND ORDER.

"The powers of the Government should not be subjected to the dictation of organized minorities, whether representing capital or representing labor or any special group, but the right of men to organize and petition the Government should not be denied. The right of men to organize for collective bargaining is a just and reasonable right which should not be interfered with, but conflicts arising between organizations of men representing capital and representing labor should be adjusted by means provided for conciliation, mutual accommodation, and by public opinion. In such controversies the public is entitled to a substantial representation, so that the interests of the public shall not be disregarded by those who are merely seeking their own interests. A just settlement of such disputes can be arrived at and is one of the great problems remaining to be solved in a manner just to the public and to those who serve the public alike.

SEDITION LAWS.

"The existing statutes are sufficient to punish those guilty of overt acts against the dignity of the national statutes, and there is no need for the passage of extreme laws based on excitement and fear of bolshevism in the United States. The punishment of the advocacy and organization of actual conspiracy to change the forms of our Government by assassination should be vigorously inflicted, and additional law should be provided to cover such conspiracies, if it actually prove to be necessary. The people of the United States are overwhelmingly honest, loyal, patriotic, and can be relied upon at all times to protect the country against sedition and treason.

"We saw during the war the best evidence of this. The only danger was that the people themselves might go too far and act on suspicion in dealing with the ignorant and thoughtless who exercised the American privilege of occasionally indulging in foolish speech.

"It has taken a long time to build up our great Government, based on its ideals of liberty, justice, and humanity, and the people of the United States will not permit any man or set of men by violence and force to tear down constitutional Government in America. Law and order must be and will be rigidly enforced. It can be and should be enforced without extreme sedition laws which might destroy liberty and break down freedom of speech and freedom of the press. Ignorance should be controlled by education where possible, and force should only be used where milder remedies fail.

"Our Constitution provides a peaceful, reasonable way for its amendment, and those who by organized societies are secretly engaged in advocating the overthrow of our Government and

social institutions by fire and sword should be treated as guilty of criminal conspiracy and sedition.

"It is my opinion that political prisoners guilty of no overt criminal act should be released immediately and all others brought to summary trial and not subjected to indeterminate imprisonment awaiting trial.

CONSERVATION.

"The great policy of the conservation of our natural resources is another means by which the high cost of living can be abated by increasing production through the use of these great natural resources. It should be vigorously maintained and extended to bring into use these values.

UNITED STATES BONDS.

"The United States bonds which were sold to the people under the Liberty loan and Victory loan campaigns ought to be brought back to par, and this can be done by insisting upon lower rates of legal interest through the Federal reserve banks and through the member banks and forbidding the high usurious rates on the stock exchanges—which run up to 30 per cent on call loans—which have the effect of raising the commercial rates throughout the United States. Even the reserve banks under this influence raised rates to 6 and 7 per cent. It logically follows that United States bonds bearing moderate rates are discredited and brought below par, when contrasted with very high commercial rates, and when banks and citizens borrowing on 4½ per cent Government bonds are charged 6 per cent for credits. If Government bonds plus the credit of a citizen or bank are not entitled to credit at the rate of interest the Government bond bears, it need not surprise the country if the bonds sell for a 10 per cent discount.

"For 50 years before the war the normal rate of interest in France and Belgium was 3 per cent. In Great Britain the acceptance rate during the war was only 3¼ per cent. United States bonds bearing 2 per cent, with the circulation privilege, have been selling at par for years.

POPULAR GOVERNMENT.

"The policy of the Democratic Party in promoting popular government should be steadily adhered to in order that the sovereignty vested in the people of the United States may have a concrete mechanism through which it may exercise the governing power. The popular-government process is of the greatest importance to accomplish this and to enable the people to so control the Government that it may function in their interest and be comparatively free from the organized selfishness that is continually exerting itself to lay its hands upon the governing powers of the people in a thousand crafty ways.

CLOTURE IN UNITED STATES SENATE.

"Even now a majority of the people's representatives in the United States Senate can not control the Senate because of its minority serving rules that permits a minority to control its acts. Unqualified cloture or 'the right to move the previous question' is a reform absolutely necessary to deprive the special interests of undue power in the people's Senate. It ought to be demanded by the people.

INITIATIVE AND REFERENDUM.

"You have seen in Oklahoma the value of *the initiative and referendum*, which has now been adopted by more than 20

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States, including such Commonwealths as Massachusetts, Ohio, California, Mississippi, and Missouri. This law puts the powers of government into the hands of the people and enables them to initiate any law they do want and veto any law they do not want.

"The *primary law*, the *short ballot*, the *preferential ballot*, the *corrupt practices prevention acts* are essential in preventing organized minorities and plutocratic influences, through machine-rule methods, getting control of the governing power.

"The *publicity pamphlet* issued by the Government to each citizen giving the argument for and against candidates and public measures is necessary for the information of the citizen that he may vote intelligently and escape the undue influence of the press columns too largely controlled by selfish interests.

"When these processes of popular government shall have been perfected and the people are in complete control of their own Government, the powers of monopoly and of profiteering can be effectively controlled and the high cost of living reduced. When this is accomplished we shall have had an answer to Lincoln's great prayer that 'A Government of the people, for the people, and by the people should not perish from the earth.'

"To accomplish these great ends the liberal elements of America should unite.

"It will surely be conceded by thoughtful and just men that the Democratic Party is very substantially controlled by the progressive and liberal elements of the country, and that the Republican Party can not hope to make itself the liberal party of America. We, therefore, have a just right to appeal to Progressive Republicans and liberal men of other parties to cooperate with the Democratic Party. We have a right to invite them to join us on terms of equality in order that the progressive elements of the Nation through the Democratic Party may control the laws of the country along progressive and liberal lines. If this cooperation can be accomplished, the liberal elements of America will be able to control the Government in the election of 1920, and the prosperity which has been brought about under the liberal and progressive statutes of the last six years will be continued and improved upon.

"Those who love democratic and progressive ideals, who love the common good, who worship liberty, justice, and humanity should do so 'in spirit and in truth,' and not be diverted by partisan pride, far less by sordid or selfish motives, from faithful service to the great cause.

"Hundreds of thousands of progressive men affiliated with the Republican Party in former elections believe in our ideals, and reluctantly follow the reactionary leaders who are continually protecting or favoring monopoly. These progressive citizens belong with us. They can be made to know that their ideals can best be obtained through the Democratic Party.

"The just solution of our vital domestic problems require progressive citizens to unite. I appeal to you to lay aside all partisan bitterness and invite to your support forward-looking citizens of other parties. Let us work harmoniously together in promoting social and industrial justice and human happiness.

INTEREST RATES.

REMARKS

OF

HON. ROBERT L. OWEN,

OF OKLAHOMA,

AND HIS LETTER TO THE PRESIDENT,

IN

THE SENATE OF THE UNITED STATES,

February 16, 1920.

Mr. OWEN. Mr. President, before the war Belgium for 50 years had a 3 per cent rate of interest per annum. It was a fair rate. France had a 3 per cent rate, and even small sums were loaned by the Bank of France at 3 per cent. United States bonds with currency privilege, bearing 2 per cent, sold at par before the war. London during the war has loaned money to merchants on acceptances at $3\frac{1}{2}$ per cent.

The manufacturers, merchants, and business men of the United States are entitled to stable, moderate interest rates.

They have this right interfered with by the violent fluctuations authorized and practiced in New York and Boston on stock-exchange collateral loans. The call-loan rates are arbitrarily fixed from low rates to 30 per cent, and a bull market or a bear market follows, of course, as cause and effect.

The high rate is fixed avowedly to check speculation, but speculation can be otherwise checked by raising the margins and declining to loan beyond a reasonable proportion of the bank's resources and by limiting the loans of the Federal reserve bank to banks which persist in this harmful policy.

These high rates on call loans on the stock exchange has seriously affected the interest rates in our vast commercial business, and even the Federal Reserve Board has raised the rates of the Federal reserve banks to 6 per cent for member banks, which means 7 and 8 per cent for the customers of the member banks.

Against this destructive policy, which adds to the high cost of living, I protest. I have written a letter to the President, which I ask to submit for the RECORD without reading.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 13, 1920.

Subject: Interest rates.

The PRESIDENT.

The White House.

MY DEAR MR. PRESIDENT: I deem it my duty to call your attention and the attention of your administration to the importance of moderate interest rates and stability therein in the United States and the important part which the influence of the Government can exert in accomplishing these ends through the Treasury Department, the Comptroller of the Currency, and the Federal Reserve Board.

Before the Great War Belgium had a fixed, stable rate of 3 per cent for 50 years, and the rate in France was practically the

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same, and United States Government bonds with the circulation privilege were sold at and above par when they bore only 2 per cent interest.

During the World War London merchants have enjoyed a 3½ per cent rate on acceptances.

Our manufacturers, our merchants, our business men are entitled to reliable, stable, reasonable rates of interest.

The productive and distributive processes so essential to restore the equilibrium of the world depend upon such rates in order to function most efficiently.

I call your attention to the unreasonable manner in which the interest rates on the stock collateral loans in New York have been fluctuating from normal to 25 and 30 per cent, with the most unhappy consequences upon interest rates, injuriously affecting our commercial business throughout the United States.

The Federal Reserve Board has been induced to raise the rate of discount of the Federal reserve banks to a high point as a supposed check on the extraordinary speculation which has been taking place on the stock exchange.

These artificially unreasonable high rates of interest charged by the banks in the central cities on stock collateral call loans have had the effect of drawing to these cities from different parts of the country funds which ought to be exclusively used in commerce, and this process went to a point where recently the amount of stock collateral exchange loans on call or short time reached a volume in New York City of \$1,900,000,000, withdrawing for speculative purposes these credits which should be used in the industrial and commercial life of the country.

The investing and speculating public has been attracted to the stock exchange by the policy of narrow margins and low rates of interest; but after the public has taken on these speculative purchases the interest rates are raised to a high point and the margins are increased from 10 per cent to 20 and 30 per cent, with the effect of squeezing out the people who, in the language of the day, "can't hold on."

These loans, which were \$1,900,000,000 60 days ago, have now been reduced to \$1,000,000,000, and the stock market has gone through a very severe depreciation; and this is the second upheaval of this kind within two months. I inclose an exhibit showing the violent fluctuations which have taken place contrary to a wise public policy, to the ruin of many weak and foolish speculators; but, above all, to the injury of the manufacturers, merchants, and business men who are entitled to have stable, moderate interest rates.

The manufacturers, merchants, and business men are entitled to stability. They can not otherwise transact the business of the country with safety; and in their name and on their behalf I respectfully and very earnestly insist that the Government shall establish a policy which will give stability to interest rates, prevent these violent fluctuations, and lead to lower interest rates.

Will the question be asked, How can it be done? I venture to answer:

First. That the influence of the Comptroller of the Currency and of the Federal Reserve Board be exerted to require a limitation upon loans made by member banks or banks engaged in

interstate commerce, so that only a reasonable percentage of the deposits of such banks shall be permitted to be used for the accommodation of those who are buying stocks for speculative purposes.

Second. That a margin of not less than 25 per cent shall be required in such transactions.

Third. That an interest rate not exceeding 8 per cent shall be permitted in such transactions.

Fourth. That the reserve board shall charge a special rate of interest to those banks who are using the accommodations of the discount privileges with the reserve banks in excess of their rightful proportionate part of such accommodation, so that the normal discount rates of the Federal reserve banks shall not exceed 4 per cent, but the special rate for banks desiring to use more than their rightful proportion of the reserves with the reserve banks shall be at a progressively higher rate. In this way banks that put up Liberty bonds for the purpose of getting more than their proportionate part and lending this money out on very high rates of interest will find it less profitable to engage in such a policy.

The discount rates of the Federal reserve bank of Richmond, for example, effective January 23, 1920, included the following:

	15 days and under.	16 to 90 days.	91 days to 6 months.
Member banks:	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Secured by United States certificate of debt.....	4½	.....	.....
Secured by Liberty bonds.....	5½	.....	.....
Secured by eligible paper.....	6	.....	.....
Secured by War Finance Corporation bonds.....	7	.....	.....
Rediscounts:			
Customers' notes—			
Secured by United States certificates of debt..	4½	4½	.....
Secured by Liberty bonds.....	5½	5½	.....
Secured by War Finance Corporation bonds.	7	7	.....
Trade acceptances.....	6	6	.....
Commercial paper.....	6	6	.....
Agricultural or live-stock paper.....	6	6	6

You will observe from these discount rates that eligible paper—that is, the notes of manufacturers, merchants, and business men engaged in production and distribution—would be compelled to pay around 8 per cent if the member bank is permitted any margin over and above what they themselves have to pay the reserve bank. This is true even on trade acceptances, which in London have a rate of 3½ per cent. In other words, our manufacturers, merchants, and business men engaged in production and distribution are compelled to pay by this policy twice as much as they do in London, charging the interest, of course, upon the cost of the goods, and thus raising the cost of living. Against this policy I enter my resolute and solemn protest.

I heartily approve the evident purpose of the Federal Reserve Board to reduce the excessive speculative loans on the stock market and divert such credits to the benefit of commerce; but this can be accomplished without raising the rate of interest by requiring larger collateral margins and by limiting stock collateral loans to a reasonable part of the reserves of the member banks, and all loans to a proportionate part of the reserves with the Federal reserve banks.

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LIBERTY LOAN AND VICTORY LOAN BONDS.

When the American people were engaged in the war the Treasury Department organized Liberty and Victory loan drives, and every citizen was urged to buy these bonds; if necessary to sell his property and buy the bonds; to borrow money and buy the bonds. The bonds were sold at par. It was a patriotic duty to buy the bonds, but the high rates of interest which have resulted from the unrestrained speculation on the stock exchange, and the high rates of interest which the reserve banks have established, have had the effect of having these bonds appear as a poor investment, and these bonds have shrunk so that in the case of the bonds, which have not the nontaxable feature, have fallen off in value almost 10 per cent, inducing many persons who are poor and who borrowed money to carry these bonds to sell them at a loss, and many more will be induced to sell them at a loss, contrary to a wise and just public policy.

If the normal discount rate of the Federal reserve banks were put at 4 per cent and the banks were discouraged from abusing the privileges of the reserve banks for stock-speculative purposes in the manner which I have pointed out, these bonds would come back to par, and they should be brought back to par. The people who bought these bonds ought not to suffer a loss, and the credit of the United States ought to be preserved by the policy which I have taken the liberty to suggest to you and to your administration.

The result of these speculative stock loans has been such that the New York Federal reserve bank has had its reserve very seriously impaired, so that the New York reserve bank has been borrowing money on a large scale from other reserve banks who do not suffer from this strain.

There is no adequate reason why the rates of the reserve banks should not be uniform; why they ought to be higher in one part of the country and lower in another part of the country. The loans are as reliable in one part of the country as in another, and every part of the country is entitled to a uniform rate.

The high cost of living demands for its solution stability in interest rates in order to encourage production and distribution, and to reduce the high cost of living demands a moderate rate of interest.

The Federal reserve banks were not established as money-making institutions, but for the purpose of giving stability and a reasonable stable interest to the productive enterprises of the Nation.

The Federal reserve banks last year made a profit of about 100 per cent of their capital, but this in no way measures the added expense on the cost of living, because the high rate of interest charged by the Federal reserve banks is reflected upon loans and discounts of other banks, running into the billions, since it affects the interest rates in all parts of the country.

I regard this matter as a matter of national importance, and I would not feel that I had discharged my duty to the country if I had failed to call your attention to it in these explicit terms.

Yours, very respectfully,

ROBERT L. OWEN.

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LETTER OF HON. ROBERT L. OWEN
TO
FEDERAL RESERVE BOARD
MAY 14, 1920
To lower the interest rates as a means of helping to
RESTORE LIBERTY BONDS TO PAR

UNITED STATES SENATE,
May 14, 1920.

HON. W. P. G. HARDING,
Governor Federal Reserve Board, Washington, D. C.

MY DEAR GOVERNOR: I thank you for your letter of May 3, answering my letter of April 27, in which I urged the Federal Reserve Board to lower the interest rates of the reserve banks as a means of helping to restore Liberty bonds to par.

The Secretary of the Treasury and every agency of the Government, including the reserve banks and the member banks, cooperated in a strenuous drive to induce the American people to buy Liberty bonds. The people were told to buy the bonds until it hurt. They sold their property, they borrowed money, they mortgaged their homes to buy these bonds on the assurance of the Secretary of the Treasury that there was no better security, and they had a right to believe that these bonds would be maintained at par. But, my dear Governor, if you permit these high rates of interest, of which I have justly complained, the inevitable consequence will be that these Government bonds must go still lower than they are now instead of reacting to par.

The violent fluctuating high interest rates on the New York Stock Exchange which go from 8 to 30 per cent, advertised throughout the country in every important paper in the land, together with the high interest rates of the Federal reserve banks to member banks at 6 and 7 per cent, and the consequent higher commercial rates daily advertised in the public press of 8, 9, and 10 per cent, not to mention commissions on the side and discounts, are jointly impairing confidence and creating an atmosphere of suspicion, distrust, and widespread talk of pending industrial depression and industrial panic.

I have insisted that the powers of the Government should be exercised through the office of the Federal Reserve Board, the Federal reserve banks, and the Comptroller of the Currency to remove these causes, which, if persisted in, may cause a serious industrial depression and make Liberty bonds go still lower.

The claim of the New York Stock Exchange that these high and violently fluctuating interest rates on call loans are necessary for the purpose of preventing speculation is indefensible, because it does not prevent speculation. The professional operator immediately speculates in a bear market, which inevitably must follow these artificial high interest rates. The

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speculator can afford to pay high interest rates, but legitimate business can not. Moreover, the employment of bank credits for speculation can be prevented by harmless methods: First, by the banks refusing new loans for speculative purposes; second, by requiring gradual liquidation of old loans employed in speculation; and, third, by raising the margin on speculative loans.

The remedies I suggest are harmless to the general public. The remedy employed of high interest rates on call loans running up to 30 per cent is destructive of public confidence and threatens industrial depression.

When the Reserve Board raises the rate to 6 and 7 per cent it has the effect not of stopping the speculator but of stopping legitimate business, and putting the brakes on manufacture, commerce, agriculture, on production, and distribution.

You quite misunderstand the point when you speak of my contention that the Liberty bond market recently fell because the Federal Reserve Board raised the rate of interest, which you think is disproved by the fact that the bonds fell in April, 1919, to 95 before the Federal Reserve Board raised the rate of interest. My contention is that the high rates of interest on the stock exchange, and the high rates charged by member banks on commercial loans based in part on the high rates of the reserve banks, are all factors producing this result, and when the Reserve Board recently raised the rate these bonds went down much lower than they had been before, and they must go lower still if the board persist in this policy. What I contend is that the Federal Reserve Board in raising these rates, and thus adopting the unwise policy of the stock exchange, is depreciating the market value of all securities, including Government bonds.

I understand the reserve board desires to deflate credit by raising the rates of interest. Assuredly raising the rates of interest will deflate credits, even the credits of the United States, of which I complain, but I am anxious the reserve board shall only deflate those credits that require deflation and not deflate credits of the Government and of legitimate productive business, which ought not to be deflated.

The United States was compelled to expand its credits, and issued \$26,000,000,000 of war bonds. The war resulted in an increase of \$20,000,000,000 of bank deposits, a total increase of expanded credits of \$46,000,000,000. No substantial part of these credits should be deflated at this time. The only deflation of credit justified is the deflation of credits employed in speculative loans on investment securities, on real estate, and on commodities for hoarding by profiteers.

My dear governor, it seems to me that there is some serious misconception existing in the country with regard to what is inflation and what is not inflation. I am certainly opposed to inflation, but I am strongly in favor of the extension of business, increasing production, and improving distribution by extending credits on a stable low-interest rate.

The expansion of credit for such purposes is justified, but, of course, the expansion of credit beyond the available resources, even for the most important of purposes, is not justified. The Bank of England, conducted by the wisest merchants in the world, has not hesitated to extend credits for productive pur-

poses even when the gold reserve was thereby seriously diminished. As you very well know, they went to a very low gold reserve during the war without ever denying credits to their business men who were engaged in legitimate industry. The London merchants had $3\frac{1}{2}$ per cent acceptance rates all during the war, when the British Government paid 5 per cent.

If the people are frightened by the talk of industrial depression, by high interest rates, it has the effect of preventing production and putting the brakes on manufacture and on our entire industrial life.

I do not agree with Secretary Lefingwell that the present depression in Liberty bonds is due to the owners of Liberty bonds spending the bonds recklessly as spendthrifts. People who bought Liberty bonds do not deserve such a classification, although, of course, some individuals out of a very great number are spendthrifts. But the spendthrift quickly parts with his bonds to other people. The spendthrift theory does not explain the terrible depreciation.

If money was cheap and credits were available at low rates, it is perfectly obvious that these bonds would go to par, and just in degree that the banks of the country raise the rates to very high artificial figures to that degree the Liberty bonds and Victory bonds will assuredly fall in market value.

You advise me that the Liberty bonds "can not be brought back to par by artificial methods." They can be depressed by universal high rates of interest artificially fixed by the banks, and that is precisely what has happened and to which I earnestly object.

I do not say that the Federal reserve banks can restore these bonds to par by lending a part of their resources on these bonds at a low figure. What I do say is that the value of these bonds is depressed by the action of the Government in countenancing the scandalous interest rates on the New York Stock Exchange, the unreasonable interest rates by the member banks of the country, and the unfair interest rates by the reserve banks to the member banks.

You very justly say, my dear governor:

"There is a world-wide demand for capital, and the demand for bank credit in this country in agricultural, commercial, and industrial purposes is heavier than has ever been known before; investment demands for new construction, for the maintenance and equipment of railroads, and for the financing of our foreign trade are very great."

Are these just demands to be met by denying the credits, or are they to be repressed by raising the rates to prohibitive points, and thus retard enterprise and production, the employment of labor and capital in creating commodities?

You say the reserve banks would have been "overwhelmed with applications for loans" on Government securities if the reserve banks had continued to offer a low discount rate on paper secured by Government obligation.

I am not advocating the reserve banks lending beyond their resources at any rates or on any securities. I am protesting against the reserve banks setting a bad example to the country by raising the rates of interest on legitimate business engaged in production and distribution. I am objecting, my dear governor, to the Reserve Board taking advantage of this condition

and raising these rates merely because the demand is urgent, when the proper function of the Federal reserve bank is to stabilize the interest rate, keep it at a reasonably low figure, and set a wise and just example to the member banks.

The member banks pay from 2 to 4 per cent for deposits and normally let their money out at from 5 to 7 per cent, with a margin of about 3 per cent. The reserve banks pay no interest on deposits, and 3 per cent is a rate high enough to enable them to make all the money they are entitled to make out of the public. On a 4 per cent rate the Federal Reserve Bank of New York last year made 110 per cent, and I suppose on a 6 and 7 per cent rate they will make this year about 160 per cent. This is precisely what I am objecting to. The Federal reserve banks should not be put in the attitude of profiteering or of setting the example of profiteering to member banks. The powers of the Government are not being properly exerted to stop the scandalous rates of interest on the New York Stock Exchange.

I was advised that six months ago the New York banks had nineteen hundred million dollars loaned on investment securities and the commerce of the country was suffering for credit. I believe with the board, that these credits on investment securities and speculative loans should be diverted, as far as practicable, to productive purposes, but to raise the rates to 6 and 7 per cent upon all banks alike does not accomplish this end. It merely penalizes all business of every kind and character, regardless of whether they are using their credits for speculative or productive purposes.

What I earnestly desire to call to the attention of the board is that credits ought to be extended at a low rate to the extent of the capacity of the reserve banks for productive purposes; that member banks should be urged to do the same thing, and that the powers of the Government should be exerted against the excessive, violently fluctuating rates on the New York Stock Exchange.

Hoping that the suggestions which I have the honor to make may be of some service to the deliberations of the board and to the country, I remain,

Very respectfully, yours,

ROBT. L. OWEN.

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SPEECH
OF
HON. ROBERT L. OWEN
OF OKLAHOMA

ON THE STABILIZATION OF CREDIT; THE
RESTORATION OF INDUSTRIAL ACTIVITY
IN EUROPE AND IN THE UNITED STATES;
THE REHABILITATION OF INTERNATIONAL
COMMERCE AND THE REESTABLISHMENT
OF THE FOREIGN TRADE OF
THE UNITED STATES

IN THE
SENATE OF THE UNITED STATES

JANUARY 4, 1922



WASHINGTON
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SPEECH
OF
HON. ROBERT L. OWEN.

GOLD AND COMMODITY SECURED CURRENCY.

Mr. OWEN. Mr. President and gentlemen of the Senate, I introduced this morning a bill proposing to establish a gold and commodity secured currency for use with a view to stabilizing the industrial activities of Europe and with a view to protecting the foreign commerce of the United States. I particularly desire to have the serious attention of the Senate, because while I do not intend to press the bill, I do offer it to the majority party as a means of helping to overcome the present industrial depression in the United States, with a view to rehabilitating our foreign commerce, and with a view, as a means to that end, of restoring industrial activities in Europe.

I believe the suggestions I am about to submit will be of great value to the United States and to the world if it shall meet your approval and support.

I am encouraged to hope that Senators will be disposed to give attention to the proposals which I submit, because I have had unusual opportunity to study the principles of banking. Thirty-two years ago I established the first national bank organized in Indian Territory, now Oklahoma, and was president of it for 10 years. On the 20th of February, 1908, immediately after I entered the Senate, I outlined and advocated before the Senate every principle of importance that afterwards was written into the Federal reserve act, and had the honor of representing the Senate as its chairman of the Committee on Banking and Currency at the time the Federal reserve act was written.

Our foreign export trade has been ruined and has fallen off during this past year to the extent of over three billions of dollars, for the very simple reason that Europe can not adequately buy and has so little to sell. I do not consent that any part of the money due us shall be remitted to Europe. Our charities to Europe I gladly commend, but their covenanted debts to the people of the United States must be paid. They are not bankrupt.

The hills of Europe are still covered with vineyards and orchards and the fertile fields are as productive as ever. The natural resources of Europe, the mines, the woodlands, the water powers, the transportation facilities, remain, and the facilities for manufacturing have been greatly increased since 1914 through the gigantic energies of five years of war which created more machinery than it destroyed. The man power and the woman power of Europe are capable of as great an output now as before the war. Before the war the people of Europe had loaned to us many billions of dollars, a large part of which

we have repaid with interest, and we have extended credits to Europe during this World War through our Government ten billions of dollars, and since the war through our citizens more than five billions in addition. The European people as people are not bankrupt and they are not dishonorable. They are able to pay the United States and they will pay the United States in due time, principal and interest, but they can not at the present time pay either principal or interest because their industrial life has been disorganized through the demoralization following the war. They have neither gold nor sufficient commodities with which to make payment to the United States.

The one great outstanding factor breaking down confidence and destroying the validity and desirability of contracts in Europe is the violent inflation of currency through the printing press. In some of the countries of Europe people have been compelled to abandon the making of contracts in terms of currency and have resorted to the hopelessly clumsy system of barter—so many bushels of potatoes for so many bushels of corn or coal.

Neither the buyer nor the seller can afford to make a contract in a currency which, like the German mark, may shrink or expand 33 per cent within a month.

In Russia the ruble which sold two for a dollar before the war is now selling 50,000 rubles for a dollar. In Poland and Austria it is almost as bad, and in Germany the mark, formerly worth 23.8 cents, is now worth one-half a cent and a few weeks ago was worth one-third of a cent. The Italian lire, worth 19.3 cents before the war, is now worth less than 5 cents, and the French franc is now worth only 8 cents, and even the pound sterling, worth before the war \$4.86, is now worth only \$4.20, for the simple reason that even the pound sterling is not redeemable in gold and its exchange value is worth almost precisely what the pound sterling will buy in terms of gold bullion in the London market. The same thing is true, of course, as to the French franc, the German mark, and the Italian lire. If you buy bullion gold with these currencies in their own country you will find that what we call the exchange value of the franc, lire, or mark is measured by the purchasing power in gold of these currencies in their own country. And this, of course, is a necessary truism for the reason that the shipping of gold from these countries would immediately balance any exchange transaction and establish exchange at gold par. But they have little gold to spare and can not ship gold. They must sell their paper currency for gold or its equivalent in dollar exchange when paying us.

England in putting out the John Bradbury notes, which are English treasury notes used as currency, did so with a small gold reserve of between 12 and 13 per cent to maintain the credit of the Bradbury notes; but neither the Bradbury notes nor the Bank of England notes are subject to actual redemption in gold, and therefore they are at a discount measured in terms of gold.

In the same way the French franc under an issue of 38,000,000,000 francs, issued by the Bank of France (a private corporation but under Government control), has been diluted to a point where the Bank of France dared not redeem it in gold, and therefore the French franc has undergone a depreciation of 60 per cent. It is still worse with the Italian lira,

and in the case of the German mark the mark went down to about 2 per cent of its original value.

How can manufacturers contract goods for future delivery in terms of marks when the mark at the time of future payment threatens a very high percentage of loss? How can merchants buy and sell with safety in terms of marks when the mark stretches from one value to another without notice?

In spite of this handicap the German people under the stimulation of their Government are nevertheless busily engaged in manufacturing, but under this very great disadvantage.

The one gigantic outstanding fact which retards rapid restoration of European industry and commerce is the lack of a stable gold-secured currency measurable in terms of gold. Even gold fluctuates in value, but at last it has been found by the nations of the world to be the most stable and acceptable measure of value ever established for monetary purposes.

The United States is able to provide a means for furnishing currency secured by gold and redeemable in gold and secured at the same time by staple merchantable commodities and underwritten by sound bankers' credits. I have submitted this bill which contains these fundamental principles, and which, if adopted, would establish a Federal reserve foreign bank owned by the Federal reserve banks of America, to function as their servant. Such a bank, with a primary capital of five hundred millions of gold taken from the Federal reserve banks, would not weaken the banking system of the United States for the reason that we have far in excess of the amount of gold required to keep our Federal reserve notes at par.

We have set apart 35 per cent of the reserve deposits in gold and legal tender. That 35 per cent is idle gold, unproductive and of no practical value, for the reason that the deposits are not capable of being withdrawn under the law. During the last 12 months, in spite of a withdrawal of deposits from national banks of over \$2,000,000,000 and from State banks of over \$1,000,000,000 the deposits in reserve banks have increased \$13,000,000. Thirty-five per cent of \$1,784,000,000, the present deposits in reserve banks, would make nearly \$600,000,000 of idle gold and legal tender, and 25 per cent (the amount to which reserve against deposits is diminished) would make \$446,000,000.

One billion seven hundred and eighty-four million dollars is the present deposit of reserves in the reserve banks. Thirty-five per cent of that is nearly \$600,000,000 of gold and legal tender that is lying there, serving no useful purpose. That gold can be employed, though still owned by the reserve banks, through the Federal reserve foreign bank, and used as a basis of 20 per cent reserve would provide reserve notes amounting to \$2,500,000,000, or five times the amount of such reserve gold. Under the bill I propose there would be 100 per cent of commodities behind each reserve bank note and 100 per cent of short-time bankers' bills. If the emission of these notes should go up to \$2,500,000,000, there would be behind the bank notes 100 per cent of bankers' credits (\$2,500,000,000), 100 per cent of commodity credits (\$2,500,000,000), and 20 per cent of gold (\$500,000,000), and we would in that way manufacture, if I may use such a term, a sound gold and commodity secured currency abundant to restore the European countries to a sound currency foundation.

At present they do not know what the value is of a mark, lire, kroner, lei, or a ruble. The mark has fluctuated 33 per cent in the last 30 days. It went down to one-third of a cent and back to half a cent.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER (Mr. ROBINSON in the chair). Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. OWEN. Certainly.

Mr. SMOOT. Does the Senator expect in his statement to show how it is possible to make the German mark worth 24 cents?

Mr. OWEN. I am not concerned in making the German mark worth 24 cents. It is impossible to make it worth 24 cents.

Mr. SMOOT. There are over 100,000,000,000 marks now outstanding.

Mr. OWEN. Yes; there are 103,000,000,000 marks outstanding at this time.

Mr. SMOOT. And more are being issued every day.

Mr. OWEN. Yes; they are pouring them out at the rate of a billion a week. So it is impossible for the German people to know how to make their contracts in terms of marks.

Mr. SMOOT. The reason why I interrupted the Senator was that I am compelled at this time to go to an important committee meeting. I wish I did not have to leave the Chamber, because I am anxious to hear what the Senator has to say. I desired to ask the question whether he had worked out any plan or whether there had been evolved in his mind a plan to set aside the present German paper mark and begin anew upon a gold basis. I thank the Senator.

Mr. OWEN. I am not concerned with that. It is impossible for the American Government or the American people to interfere with the fiscal or currency affairs of the European countries. They have their own difficulties. It is not a question even for them of putting the German mark back to par. It is a far more important question. If they do put the German mark back to par, they must pay bonds in gold par at 23.8 cents that have been issued against the mark worth a half cent apiece, and then paying the bondholder, who bought those bonds measured in marks worth half a cent apiece, in marks worth 24 cents apiece; in other words, the bondholder receiving forty-eight times what he loaned to the Government of Germany. It is a very perplexing problem, and one that may take some years to work out, and will result eventually in a necessary compromise between the debtor and creditor classes affecting gigantic sums.

So I am not concerned with that difficult problem. What I am concerned with is that there shall be furnished to Europe a currency measured in grains of gold, a currency sufficient in volume to meet their industrial requirements. Under my plan the bank would earn 15 per cent on the \$500,000,000 invested; assuming that \$2,500,000,000 of notes would be loaned, it would bring a net income of approximately 3 per cent. It would earn about \$75,000,000 a year, and setting apart 5 per cent on the capital for the benefit of the reserve banks they would take from that \$75,000,000 the \$25,000,000 of earnings per annum where they now get nothing at all. They complain that they

put their deposits in the reserve banks and get no interest on the deposits, but under my proposal they would get \$25,000,000 of earnings out of the idle gold which is tied up as a useless reserve behind the deposits.

But there is a far greater and more important reason for furnishing Europe with this gold-secured currency, and that is that Europe owes us \$15,000,000,000 and she has neither gold nor commodities with which to pay us. However, she has the man power, she has the natural resources, she has the ingenuity and the brain and the brawn, and we are in a position, and we are the only nation in the world in a position, to furnish Europe with a gold-secured currency that will be adequate for them to base their contracts on and give stability to credits in their industrial and commercial life.

I am presenting this matter to the majority party and to the country. I do not expect to press the bill, because it is impossible for a minority Member successfully to press a bill of this magnitude and character. I know that. I concede that to start with. I offer this bill to the majority party because our common country could be served magnificently by this plan.

In connection with that we must also, I think, take into account the conditions in Europe with regard to the payment of principal interest on the sum they owe us and our nationals. I do not at all approve of the proposal made by various of our good citizens that we should remit this debt to Europe. It is not true that Europe is bankrupt. Europe is no more bankrupt than the United States is bankrupt. It has got the same fertile fields, the same vineyards, the same orchards; it has the same productive power; it has a greater productive power in machinery and in invention than it had before the war. It is true that the foreign indebtedness of Europe has grown to a gigantic sum, as in Germany, for instance; but it is also true that those Government liabilities are individual, personal assets of their own nationals who own the bonds, and they are neither better nor worse off as a people than they were before they issued those obligations.

Mr. HITCHCOCK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. OWEN. I yield.

Mr. HITCHCOCK. I am very sympathetically interested in what the Senator is saying, because, as he knows, I have introduced a bill which is along lines in some respects similar to those of his bill and has similar purposes. I do not fully understand, however, the details of the Senator's proposal. As I caught it, it is that the Federal reserve banks of the United States shall establish another bank?

Mr. OWEN. That they shall own the stock of a Federal reserve foreign bank.

Mr. HITCHCOCK. And that the stock issue should amount to \$500,000,000?

Mr. OWEN. Yes; payable in gold.

Mr. HITCHCOCK. Payable in gold, and that that bank should issue its currency against a gold reserve?

Mr. OWEN. That it should issue its bank notes as currency against bankers' bills, with short-time maturities, not exceeding 90 days, and against commodities that are staple, merchantable, insured, and covered by documents.

Mr. HITCHCOCK. Not against a gold reserve?

Mr. OWEN. The 20 per cent gold reserve would be included.

Mr. HITCHCOCK. Does the Senator propose to limit the issue of currency to a percentage of the gold reserve?

Mr. OWEN. To 20 per cent.

Mr. HITCHCOCK. What amount of currency does the Senator figure that would enable the bank to issue?

Mr. OWEN. It would enable the bank to issue twenty-five hundred million dollars.

Mr. HITCHCOCK. That would require, then, a gold reserve of \$500,000,000 on a 20 per cent basis?

Mr. OWEN. Yes.

Mr. HITCHCOCK. The Senator, in that respect, is making the gold reserve very much less than the gold reserve required of the Federal reserve banks against the issue of currency?

Mr. OWEN. For the reason that when we deal with commodities that are worth the gold value of the notes and we have, in addition to that, 100 per cent of bankers' bills behind the notes, we need not fear about a 20 per cent reserve or getting the gold for redemption, because the commodities themselves are worth the gold, and in addition we have the bankers' short-time promise to pay.

Mr. HITCHCOCK. Of course, that is also true in the case of the Federal reserve banks.

Mr. OWEN. I am only justifying this proposal now; I am not criticizing the Federal reserve banks, although in their case I think we made the ratio of reserve much higher than was or is necessary.

Mr. HITCHCOCK. I agree with the Senator in that respect.

Mr. OWEN. The Bank of England, I will say to the Senator, had a reserve as low as 8 per cent, without disturbing public opinion in England.

Mr. HITCHCOCK. Now, will the Senator trace briefly the methods by which this gold and commodity-secured currency issued by the proposed bank would get into the financial channels of Europe?

Mr. OWEN. Yes. Here is a German potash manufacturer who wants to send \$100,000 worth of potash to the United States for sale; he has a market for it, but he needs the accommodation of immediate credit when he handles the matter. He takes his potash and draws against it a bill which is indorsed by some member bank, we will say, the Reichsbank. It is a short-time obligation; he draws it payable in 60 days or 90 days. Then he gets \$100,000 worth of Federal reserve foreign bank notes against that shipment of potash. The title to the potash passes into the hands of the Federal reserve bank or its agents.

If the obligation is not paid when it is due to be paid, first, the potash would pay for it, if sold by the agents of the bank; if it did not produce enough, then the banker who indorsed the bills would meet the difference; and if that did not meet it, still there would be the credit of the potash manufacturer and the shipper behind it. Those bank notes then would pass from hand to hand among the people and the banks. They would afford a form of currency that would enable people to deal with each other through this currency as a medium of exchange. They would not then have to exchange a bushel of potatoes for

a bushel of corn or a bushel of coal nor deal in fluctuating marks or rubles. In eastern Europe the people are now using the principle of barter. What I am proposing is that we shall furnish them with bank notes that are the equivalent of gold, so many grains fine.

Mr. HITCHCOCK. Now, let me ask the Senator another question. In that process, the potash producer in Germany has to get possession of \$100,000 worth of the notes of the proposed bank?

Mr. OWEN. Yes.

Mr. HITCHCOCK. The potash comes to the United States, and with it a draft for payment within 60 days.

Mr. OWEN. Yes.

Mr. HITCHCOCK. The potash importer in the United States, at the end of 60 days, pays that draft?

Mr. OWEN. Yes.

Mr. HITCHCOCK. What becomes of the \$100,000 of currency which has been advanced to the German shipper?

Mr. OWEN. It circulates in Berlin.

Mr. HITCHCOCK. And the bank in this country has received \$100,000 in payment for the potash?

Mr. OWEN. Yes.

Mr. HITCHCOCK. Has the Senator considered the fact that the United States exports annually approximately \$3,000,000,000 worth of products more than it imports?

Mr. OWEN. Yes.

Mr. HITCHCOCK. How is it going to continue paying currency to Europe under those circumstances when upwards of \$3,000,000,000 must be paid here in order to make up the excess of exports over imports?

Mr. OWEN. The Senator will agree with me that as a mathematical principle the whole true balance of trade is equal to the sum of its several parts; and we may deal, therefore, with one transaction and inferentially determine what will be the result of a number of such transactions. Every single shipment, whatever it is, is balanced at the time it is made. There are certain invisible factors that enter into what we call the "balance of exchange." The "balance of exchange" really is a term which is often misleading, because the balance of exchange means a balance produced by adding up the figures of the imports and exports on the manifests of vessels arriving at and departing from the ports of a given country. We add those figures up, but we do not take into account the shipment of currency, the shipment of bonds, the shipment of stocks, the rendering of services through marine insurance, the rendering of services through trade on the ocean, the rendering of services by foreign countries to Americans who go into foreign countries and live there at the hotels and carry with them letters of credit, thus transmitting from this country abroad various credits.

Mr. HITCHCOCK. I appreciate what the Senator says, but I think the present experience is that we are not only buying much less of Europe than we are selling to Europe, but the tide of investment is from this country into Europe at the present time rather than into the United States.

Mr. OWEN. I think that is true, and ought to be so to correct the differences in commodity exports.

Mr. HITCHCOCK. So that the factors of which the Senator speaks are comparatively negligible. The fact is, after we have summed the whole thing up we find that Europe must pay us about \$3,000,000,000 every year more than we pay Europe for what is bought.

Mr. OWEN. I will say to the Senator again that that is a fiction; it is not really true, and the reason it is not true is found in the factors entering the so-called "balance of trade," which are invisible and do not appear on the face of the record. When Europe buys \$3,000,000,000 in excess of our commodities they pay in stocks, bonds, services, real estate, hotel bills, and so forth.

Mr. HITCHCOCK. My judgment is that those factors are more greatly in favor of the United States than against the United States. Our bankers are lending great sums of money practically to all foreign countries—to Brazil, to France, to Great Britain, to Norway, and to Sweden; to the cities and towns—and foreign nations are not lending anything over here at all.

Mr. OWEN. That temporarily offsets the "balance of trade" in our favor.

Mr. HITCHCOCK. The tide has now reversed, and we are actually lending a great deal more money to the remainder of the world than we are borrowing from other countries of the world. Therefore, the factors the Senator speaks of do not exist. The ultimate result is that there is a balance of \$3,000,000,000 a year that we should receive from Europe above what we are paying to Europe. How can the Senator make that up? That is a difficulty that I have encountered in connection with my bill providing for a bank of nations. How can that great balance be overcome?

Mr. OWEN. I do not think the Senator followed clearly the observations made by me in regard to the balance of trade. The "balance of trade" relates to certain commodities only on the manifests of ships and is not a true balance of the financial and commercial exchanges; it never was and never will be at any time to come, for the reason that the balance of trade merely registers certain commodities on the ships' manifest and nothing more. It is only a commodity balance and nothing more.

Mr. HITCHCOCK. I agree with the Senator that formerly it was not a true register—that is to say, that we were buying in Europe two or three thousand million dollars a year less than we were selling in Europe, and yet we were also paying to Europe great sums of interest—but we are not paying such interest now; that tide has been reversed; so that the conclusion the Senator reaches, while it would have been accurate before the war, it seems to me, does not apply now. Those factors of which he speaks have changed their course.

Mr. OWEN. Mr. President, the "balance of trade," according to the figures of our statisticians, always has been and always will be the balance as shown on the ship manifests. It does not take into account the \$10,000,000,000 that we loaned to Europe during the World War. Since the war we have loaned them \$5,000,000,000 more, and that \$5,000,000,000 is partly an offset to the so-called balance of trade.

Mr. HITCHCOCK. No; I think the Senator is in error there; it makes the matter worse. Not only are we selling to Europe

a great deal more than we buy from Europe, but we are lending to Europe, on top of that, a great amount of money, and they are not only obliged to pay us three thousand million dollars a year as the balance of trade, but they have got to pay us a thousand million dollars a year in interest.

Mr. OWEN. The amount that we lend to Europe does not appear in the "balance of trade," and we lend them part of the money required to balance the commodity "balance of trade"; that is a complete answer to the Senator. Every transaction balances itself at the time it is made. Of course, if I send 100 bales of cotton to Europe I get its equivalent in some form; I get it either in cash or in credit or in property on the other side of the water, but each transaction balances itself a of the day when made, and a million such transactions balance themselves.

The so-called "balance of trade" is never a balance but indicates the lack of balance of imports and exports and always represents an excess of exports or imports of goods.

Mr. NORRIS. Mr. President, may I interrupt the Senator there?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. OWEN. I yield.

Mr. NORRIS. Every transaction must balance itself or eventually difficulty would ensue, of course; but I want to ask the Senator now whether he proposes in his bill to redeem the notes that are to be issued by the proposed bank?

Mr. OWEN. Those notes will be taken up when the obligation is liquidated.

Mr. NORRIS. In the transaction to which the Senator referred in connection with potash—

Mr. OWEN. When the loan is paid back to the bank, the bank would get its notes or the equivalent in gold.

Mr. NORRIS. When the potash is sold here the bank, of course, gets the money in this country for it; but what process is gone through in order to redeem the notes that were originally issued in Europe for the potash?

Mr. OWEN. It would probably result in a credit where the transaction resulted in shipping over; but when you reverse that and an American ships into Berlin cotton of an equivalent amount, the cotton has to be paid for with these very notes, and the notes will come in to pay the bank the amount due to the bank for a New York credit extended the cotton shipper.

Mr. NORRIS. The foreign reserve bank, when it got the money for the potash on this side of the water, would not dare pay out that money. It would have to retain that money until it got possession of the original issue, and retired that; otherwise there would be inflation.

Mr. OWEN. That would be a credit in New York, and that credit would be used as a means of financing cotton shipped back to Germany. In other words, one hand would wash the other, and we would be furnishing a medium by which these transactions could be cleared; and that is the very purpose of this proposal. It is to furnish a convenient means of giving a stable medium of exchange to the European manufacturer and merchant, in order that they may create the commodities with which to pay America the amount that is due to America. They

can not otherwise rapidly discharge their obligations; and I think in no event can we expect an immediate payment of the principal and interest of those amounts due to our Government, because of the demoralized condition of European industries.

I do not at all approve the idea of remitting to these European Governments their indebtedness to this country. It is not necessary to do it. They are not bankrupt. They are just as well able to pay their debts as we are able to pay our debts; and if we remit the indebtedness it would be exactly the same thing as taxing the wealth of America and presenting it as a gift to the wealth of Europe.

In order to adjust ourselves to the conditions in Europe, I think we ought to agree that the interest charges on the ten billions due to this Government should be postponed and merged into the principal for a period of time, say, 5 or 10 years. I think, moreover, that instead of charging Europe a very high rate of interest, we ought to agree that the rate of interest shall be what it was before the great World War—that is, 3 per cent. I say "3 per cent" because 3 per cent was the normal rate of interest in France and throughout western Europe before the war. The Bank of Netherlands, for instance, which is a great State bank, had a 3 per cent rate on loans for 50 years without a single break in that rate. The Bank of France would lend as small a sum as 5 francs for one year at a 3 per cent rate, and the rate of interest in the United States on a well-secured loan, such as a Government bond, was 3 per cent. Our 3 per cent bonds were at a premium before the war. The bankers do not average a rate of interest to their depositors exceeding 3 per cent. They have some running at 2 per cent and some at 4 per cent, but they do not average as high as 3 per cent interest on the deposits made with them; and, on the other hand, when a bank lends out its deposits it is content with less than 3 per cent as a margin of profit on its loans.

Mr. EDGE. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. EDGE. Unfortunately, I did not hear the early part of the Senator's explanation of his bill. When we realize and appreciate, as the Senator has stated, that the balance of trade, because of the \$10,000,000,000 of loans and the \$5,000,000,000 represented mainly by export commodities, operates to bring about a most unfavorable exchange condition so far as it relates to purchases from America, which condition we well understand to-day is interfering tremendously with our export business, I am interested to know, if the Senator can state briefly, how the operation of such a bank would to any considerable extent affect what I think is fundamental and what must be corrected before we can greatly increase our exports, namely, the condition of exchange to-day as it relates to purchases from America.

Mr. OWEN. I will say to the Senator that what we now speak of as the rate of exchange really measures the selling price of a mark, franc, lira, kroner, or ruble in terms of gold. It all comes down at last to the gold value of those currencies. When you talk about exchange, commodity balances have ceased to cut any important figure in it, for the reason that if they could command gold and ship gold the rate of exchange would balance itself within two or three points, or what is called in normal times "the gold shipping point"; but they can not get

gold with this depreciated currency, and they have not the commodities now to take the place of gold or to command gold.

Mr. EDGE. Mr. President—

Mr. OWEN. I yield to the Senator.

Mr. EDGE. Is it not a matter of ordinary business realization that when you bid for anything—in other words, when there is a scarcity of any commodity or of money—the price is naturally higher? The existing condition of the balance of trade makes it necessary for the Frenchman or the Englishman or the representative of any other country, when he is compelled to pay for a bill of goods exported from this side, to bid all the higher simply because of that condition. It seems to me that that has its effect on exchange as much as any other possible thing.

Mr. OWEN. If you will take the present exchange rate of \$4.20 on the pound sterling, which normally is \$4.86, and take the present market value of gold in London, you will find that the exchange is fixed precisely by the purchasing power of gold by the paper money of England—the Bradbury notes. Gold is at a premium in London, and that premium measures the difference in the cost of the pound sterling.

Mr. EDGE. How does the Senator account for the very sudden fluctuations in British exchange and, in fact, in all other currency, ranging in the last six weeks from in the neighborhood of \$3.75 or \$3.80, as I recollect now, to \$4.20, as the Senator states, on the pound sterling? I do not think there is any business condition to warrant it. I am wondering myself if the Senator has any answer beyond that of speculation.

Mr. OWEN. I think speculation does cut quite an important figure in it; and I think one of the important reasons for the passage of the bill I have introduced here is that by having a Federal reserve foreign bank you would have a natural stabilization of exchange on the basis of a reasonable commission and percentage for the services rendered; and in that way you would have a greater stability of exchange than if you had men who were buying and selling the pound sterling for profit.

Mr. EDGE. I am inclined to agree with the Senator that some type of an international bank—perhaps a combination of his ideas and the ideas expressed by the Senator from Nebraska—is absolutely essential and necessary to-day to have its influence on foreign trade and currency and exchange. I am free to admit, however, that I have not yet, as far as my little study of the situation permitted, found a way that I thought would greatly influence it. I think it will help, but not as much as an effort on the part of importers and exporters to equalize the balance of trade in a natural manner.

I agree that I do not like the idea of wiping out the \$15,000,000,000 indebtedness. I never have. I hope it will not be necessary to bring about that condition. I do not believe it will be.

Mr. OWEN. The Senator may rest assured that five billions of it, at least, held by our private citizens will never be wiped out, and the statesman insane enough to try to tax America ten billions as a gift to the wealth of Europe will himself be wiped out.

Mr. EDGE. I have not a moment's hesitation in saying, however, that I believe that if the \$15,000,000,000 of indebtedness

were wiped out to-day there would be practically no difference in the rate of exchange between the countries.

Mr. OWEN. It would make no difference whatever at this time. It is the depreciated mark that measures the balance of exchange in Germany, the depreciated lira in Italy, and so forth.

Mr. EDGE. I am not prepared, however, to indorse that plan for one moment.

Mr. OWEN. It would not greatly serve the exchange at this time—

Mr. EDGE. I am not so sure of that.

Mr. OWEN. Because in reality, when you take the German mark, which before the war had an issue of two billions and now has an issue of one hundred and three billions, it is a question of the quantity of those marks, the facility of getting them, the fact that it is known now that they can not be redeemed in gold. It is just the quantitative theory over again. They have gone down from par to 2 per cent because the output has been multiplied fifty times.

Mr. EDGE. There is the answer, or one of the answers. If the Senator can evolve a plan, in connection with the organization of an international bank, whereby the directors of that bank will have a certain influence or control of the spread of currency, you might say, the issues of various countries that are to-day practically bankrupt, then I can see how such a bank would very rapidly and permanently rectify present conditions; but I am afraid that is almost impossible. That is practically the Ter Meulen plan, which we hear something about, and which has merit in it.

Mr. OWEN. The Ter Meulen plan is a different thing. It is a means by which to put a fixed income of a State expressed in bonds behind certain particular credits for the nationals of any particular country. It has its merits and the Ter Meulen bonds could be used as a basis of credit in any banks anywhere engaged in international banking.

Mr. EDGE. Such a bank, in my judgment, must have some control of the budgets of nations in order that their income and their outgo shall balance. It is necessary to balance the budget, as the term is usually used, and such a bank must also be able to control the printing press in the issue of currency, or no international bank, in my judgment, can ever have a great influence on exchange conditions, which in themselves influence trade.

Mr. OWEN. Of course the European Governments will have to balance their budgets. They will have also to quit using the printing press for the purpose of manufacturing unlimited paper currency. If they do not, their currency will become more and more depreciated, until it will not be worth more than the paper upon which it is printed. That, of course, is true; but in order to strengthen the revenues of the European countries it is of supreme importance that the people of those countries shall be employed in profitable industry. I am proposing a plan that will enable them to make contracts that have a stable value under them. At present they have a fluctuating currency. I am proposing a currency which will not fluctuate more than the value of gold fluctuates, and therefore if my plan is adopted these European countries will be in a position to in-

crease their revenues and to balance their budgets. They will be in a position to employ their people profitably in peaceful industry. That is the very purpose of the proposal that I am making. It will help them to balance their budgets. It will teach them the folly of using the printing press to turn out paper money, because this currency I propose will be sufficient for the people. It will be sound and clean and based on gold and commodities worth gold. Therefore it will give them a sound currency. If I may say so, the currency blood of their commerce will be clean, will be worth gold; and America is the only country in the world that can furnish it.

I think we ought to fix a 3 per cent rate on these European loans. I think we ought to allow the interest to merge into the principal for 5 or 10 years; and I think at the same time in the United States we ought to determine upon the policy of postponing the payment of our own war debt for a longer period of time. That at the same time we are relieving Europe of paying the present interest on these debts we ought to relieve the American people of the sinking fund against the war debt for a like period, because it can all be made up when Europe is back again on its feet and in a productive position.

As I said in the beginning, I am presenting this plan for the consideration of Senators, especially of the majority party. It is a very important suggestion. It is based on the principles of the Federal reserve act. The principles are absolutely sound; they have been demonstrated to be sound.

Senators, you have it in your power to adopt a plan that will restore the industrial life of the world, and I am presenting it, with such earnestness as I may, in the hope that patriotism and public spirit will induce Senators to study this proposal I have made, and I trust you will take so much of merit as you may find in it and make it available for the service of mankind.

Mr. FLETCHER. Mr. President, as I understood, the limit of the issuance of circulating notes under that system would be about two billion five hundred million?

Mr. OWEN. It would.

Mr. FLETCHER. Does the Senator think that would be sufficient to accomplish what he aims at?

Mr. OWEN. It is abundant. The total issue of currency now in Germany, with 80,000,000 people, is only worth \$500,000,000 gold, and that is an amount five times as great.

Mr. KING. A hundred billion marks then would be worth only about \$500,000,000 in gold?

Mr. OWEN. That is true at half cent a mark.

Mr. FLETCHER. What the Senator suggests might do for Germany, but how about the whole of Europe?

Mr. OWEN. Germany has 80,000,000 people, in round numbers, and five times 80,000,000 is 400,000,000, and there are only 300,000,000 in Europe. If \$500,000,000 is enough for the German people, \$2,500,000,000 is enough for Europe. I have covered that sufficiently. It will furnish an abundance. I think there ought to be authority for the European nations to take over this bank or its branches at the proper time, when they are in position to do it. The United States reserve banks need not want to carry on these banks if the other countries will take them over.

Mr. FLETCHER. I was wondering also what had been accomplished under what is known as the Edge Act, which au-

thorized national banks to get together and establish banks in foreign countries.

Mr. OWEN. The trouble is that commerce is languishing. Commodities are not being manufactured in sufficient quantity. Commerce is impaired by the demoralization caused by the World War, and I am proposing a plan now by which to restore the industrial activity of Europe.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Ohio?

Mr. OWEN. I yield.

Mr. POMERENE. I was called from the Chamber, and possibly the question I have in mind has been explained; but if so, I did not hear what the Senator said about it. Does the Senator's plan contemplate some action by the several European Governments whereby they would aid in availing themselves of this system?

Mr. OWEN. It contemplates no action on the part of any European Government at all.

Mr. POMERENE. I believe that under what is known as the Gresham law cheaper money always drives dearer money out of circulation.

Mr. OWEN. I thank the Senator for making that suggestion, because it is in point. That would be true if you had gold circulating side by side with paper money, where the people might pay their debts in either one or the other. They would pay their debts in the cheaper money, and the gold would go into hiding; but in this case there would be no competition between the Federal reserve foreign bank notes and the mark, for instance, for the reason that these bank notes would be the equivalent of gold, and they could not go into hiding for the reason that behind every note is a hundred per cent of commodities worth the gold face value of the notes, and bankers' credits of 100 per cent more behind these notes worth the face value of the notes. Therefore they could not go into hoarding.

Mr. POMERENE. I am not questioning the security of the bank planned.

Mr. OWEN. That would be the point of the suggestion of the Gresham law.

Mr. POMERENE. My thought was that perhaps the principle of the Gresham law might apply, and if so, there would be a temptation to hoard the Federal reserve bank notes, and if that were done, then a given amount of bank notes would not give the same assistance to the commerce of these foreign countries. That was the thought I had in mind. In other words, if they should be retired, you could not get the same service from that kind of a circulation that you would get if they were kept in circulation.

Mr. OWEN. That is true, and if the Gresham law did apply, what the Senator says is absolutely true, that it would render nugatory the service proposed to be rendered by these notes; it would nullify the proposal; but they can not be withdrawn, because they are actually covered by 100 per cent of commodities, and they are covered by 100 per cent of bankers' credits besides, and it is a short-time note that is behind these reserve bank notes.

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Mr. POMERENE. It may be true that it is a short-time note that is back of the reserve notes, but I am trying to trace these reserve notes themselves to see what is going to happen to them.

Mr. OWEN. The reserve notes would be called for to liquidate the indebtedness incurred.

Mr. POMERENE. These reserve notes might not be in the hands of the debtor.

Mr. OWEN. The banker gets these reserve bank notes. He owes the exact amount of the reserve bank notes. He has to pay it in 60 days, we will say.

Mr. POMERENE. Yes; but if a manufacturer over there gets his reserve notes, and in the conduct of his commercial affairs turns part of them over to me and part to some one else, it being a better class of currency, I might be disposed to hoard them.

Mr. OWEN. The bank would have to pay them in gold if they should be hoarded.

Mr. HITCHCOCK. I rather agree with what the Senator from Ohio has said, and I want to call the attention of the Senator from Oklahoma to an answer which he made to me. He instanced a case in which a potash producer in Germany received for his shipment of potash \$100,000 in the notes of this bank, and he said that when the potash was shipped to this country the potash user in this country would, after 60 days, say, pay in American money for the potash which he purchased.

Mr. OWEN. You may say gold.

Mr. HITCHCOCK. Whatever you please. Meanwhile the \$100,000 of the notes of the bank are in Germany; they are currency.

Mr. OWEN. Yes; the corresponding gold would be in New York.

Mr. HITCHCOCK. It seems to me there would be some likelihood, as the Senator from Ohio has suggested, that one of the difficulties of the situation would be that the holders of those notes would be apt to hang on to them and hoard them, just as at the present time they are hoarding American money. It is notorious, as has been said by German writers, that while certain people in the United States have been buying German currency and German credits with the idea that they will advance, many Germans have been buying American currency in order to make themselves secure, and it seems to me that there would be a likelihood of a good deal of that currency going out of circulation.

Mr. OWEN. It would go into circulation. It would be in the pockets of people and passing around for their common use. Take the potash example, for instance. One hundred thousand dollars of those notes would go right into the hands of the people.

Mr. HITCHCOCK. Let us assume that the potash manufacturer in Germany has deposited his full \$100,000 of currency of this bank in his own bank in Germany. In his own domestic transactions he can use the German money just as well as he can use that money, and there is no reason why that German bank, if it wants to keep a reserve, should send it over here for redemption. It can keep the notes there just as well. It is just as much of a reserve for that bank to keep. It seems to me it would be the tendency of that superior class of currency to go into hiding.

Mr. OWEN. It would not be in hiding; it would be in actual use, and that is exactly what I wanted to say, because under

those circumstances the banker or the potash manufacturer could say, "I want to make a contract with you to buy \$100,000 worth of additional potash, and I have the gold or its equivalent available in my bank. I have it here ready to use now. I have shipped \$100,000 worth of potash, and I have \$100,000 of gold or the equivalent of gold, and I want to use that to buy some more potash, or buy some more labor, or whatever goes into the production of it."

Mr. HITCHCOCK. He would naturally use German money.

Mr. OWEN. He might use some of these notes to buy German money if he wanted to.

Mr. HITCHCOCK. If he did, the people who received those would naturally save them, because they would know they would be as good as gold, and they would float the German marks in their place. I believe that is a possibility.

Mr. OWEN. At the last, the banker who got the accommodation owes this money, and he has to pay it in gold or in the equivalent of gold, and these notes are the equivalent of gold, and it would make certain a demand on his part to get the gold. But, of course, I am assuming that this bank would expand and that there would be twenty-five hundred million of these dollars in circulation in a great variety of ways, infinitely various, so that no human mind can trace them, but that at last this bank always has the bank credits of 100 per cent behind these notes, and it always has commodities of gold value to the extent of 100 per cent, and it has always 20 per cent in actual gold in its own vaults. That security is enough. It is 220 per cent against every note at the bank, and it would be only a bank note at last.

Mr. HITCHCOCK. I am not disposed to dispute the Senator's statement that the security is ample. I want to call his attention to another matter. He has instanced the case of a European exporter being paid through this bank for the products which he exports to the United States. There is no difficulty about that at the present time. The man in Germany has no difficulty in getting credit for what he exports to the United States; there is no difficulty about that at the present time. The man in Germany has no difficulty in getting paid for what he exports to the United States, the man in France has no difficulty, and the man in Great Britain has no difficulty. The real difficulty is when the American undertakes to export to Europe; then there is a difficulty in getting payment. Will the Senator reverse his process and illustrate how the bank which he proposes would pay the American for the shipments which he makes to Europe when the European is in no position to make payments?

Mr. OWEN. Yes; take this hundred thousand dollars which the Federal reserve foreign bank has in New York against the shipment of a hundred thousand dollars' worth of potash. A man comes up and says, "I want to ship a hundred thousand dollars' worth of cotton to Berlin." The banker or the Federal reserve foreign bank says: "All right; put your cotton on board. Draw your bill against Berlin. Have it underwritten by the Equitable Trust Co. of New York, and I have a hundred thousand dollars against the shipment of this potash which I will turn over to you." In due course of time it will come over to Berlin and be paid by the German people, and the German

people will then have this hundred thousand dollars of currency now available to pay it with.

Mr. HITCHCOCK. Let me stop the Senator right there. How are the banks in Germany to make the payment for this shipment?

Mr. OWEN. By using these very bank notes.

Mr. HITCHCOCK. They have gone into circulation; you do not know that the banks have them. They may be hoarded.

Mr. OWEN. I never heard of anything in the shape of money in circulation the banks did not get their hands on eventually.

Mr. HITCHCOCK. Assuming that the theory is correct that the identical hundred thousand dollars in notes which have been sent to Germany will pay for this shipment of cotton, that will be all right, providing our shipments to Germany are no greater than Germany's shipments to the United States. But assume the case where shipments from Germany to the United States are much less than the shipments from the United States to Germany. Then what would be done?

Mr. OWEN. The Senator is asking me to finance an impossible case. If the German people can not ship enough commodities to the United States to pay for the commodities shipped from the United States to Germany and have no other means of paying, they must stop shipping from the United States, and that is precisely what has happened to our foreign commerce. They have quit buying in such quantities.

But, as I said to the Senator before, each individual case will adjust itself. When I ship to Germany I say to them that they are going to be paid, and I have good security. When a German ships to the United States he does the same thing, and these balances of trade you speak of need not worry us, because each transaction will take care of itself; but it is true at last that you will have trade languish unless the people of one country are able to manufacture and export commodities of equal value to their imports. They must have their exports and their imports at last practically balance. I think that is undoubtedly true, and I think that is the idea the Senator is desiring to impress. I do not think there is any question about that.

Mr. HITCHCOCK. I agree with the Senator. I have run up against exactly the same difficulty with my bill that I think he encounters with his bill, the difficulty of making payment where the country which makes the payment has not been able and is not able to export sufficient manufactured goods or products of one sort or another for that purpose.

Mr. OWEN. I am proposing to extend them a financial accommodation in a gold-secured currency to the extent that they require in order to enable them to restore their industries and manufactories and increase their commodities for export.

They can only pay their debts in the products of their labor, in commodities. I am proposing to help them pay their debts to us by helping them restore their industries through the use of a stable and gold-secured currency.

Mr. HITCHCOCK. That is exactly what I am trying to do in my bill, but I find considerable difficulty, and I am anxious to hear the Senator explain it as fully as possible.

Mr. OWEN. To recapitulate, or, perhaps, to repeat in some degree, I may say that by the last report the Federal reserve

banks had two million nine hundred and ninety-three millions of gold and legal tender, making approximately two billions nine hundred and fifty millions net gold.

Taking away five hundred million of this gold and putting it subject to the redemption of the bank notes of the Federal reserve foreign bank would give, with a 20 per cent gold reserve against such rates, a gold-secured currency available for Europe of twenty-five hundred millions, which would be enough to serve their commerce and industry, and make a profit to the banks of the United States until Europe should be restored to a normal condition. Germany, for example, measuring its present mark currency of one hundred and three billions at a half a cent per mark would have a gross currency value of about five hundred million dollars, which would be enough if it had a stable value. The bank I propose could supply this amount of gold-secured currency which would suffice to supply the manufacturers and merchants with an amount adequate for their needs, and twenty-five hundred million dollars would be an abundance to provide Europe with all the gold-secured currency imperatively necessary for the restoration of its industries.

Withdrawing five hundred millions from the present American gold reserve would still leave twenty-four hundred millions of gold and legal tender behind Federal reserve notes of two billion four hundred and forty-seven million in actual circulation which at present happens to be about 100 per cent.

The Federal reserve system provided for a 35 per cent reserve in gold or lawful money against the reserve deposits of the member banks, and these deposits, amounting to seventeen hundred millions, require a gold deposit of over five hundred millions in gold, notwithstanding these deposits are fixed by statute law, can not be withdrawn, and do not fluctuate substantially. A year ago the deposits of the twelve reserve banks, December 23, 1920, amounted to \$1,771,000,000. On December 21, 1921, these deposits amounted to \$1,784,000,000, an increase of \$13,000,000, although the loans and discounts, including open-market purchases and acceptances, had decreased \$1,621,630,000.

It is an absolute waste of five hundred millions of gold to keep it tied up as a reserve against the reserve deposits. The principle of keeping a reserve against a deposit which is subject to withdrawal from a member bank is totally different from a reserve held against reserve bank deposits, because a member bank may have all of its deposits withdrawn and a member bank has no means of making payment with Federal reserve notes obtained from the Government as with the Federal reserve banks. But even a member bank which is carefully managed should be able to go through a complete liquidation within a reasonably short time under our reserve system, and it would be impossible to embarrass the reserve banks by the failure of one or more member banks.

So that without diminishing the amount of gold behind the Federal reserve notes, the United States could establish the Federal reserve foreign bank with five hundred millions of free gold, and, therefore, furnish Europe with twenty-five hundred millions of gold secured currency.

The Federal reserve foreign bank under the plan proposed would not issue Federal reserve notes, but would issue Federal reserve bank notes, based on a minimum of 20 per cent actual

gold and 100 per cent of short-time qualified commercial bills based on actual staple merchantable commodities, such bills being secured by documents and underwritten by member banks. Any bank authorized to do business with the Federal reserve foreign bank would be designated for this purpose a member bank.

In Europe the people are accustomed to bank notes. The Bank of England note is a bank note and, although the note of a private corporation, is made legal tender by law. The notes of the Bank of France and of the Reichbank of Germany are legal-tender notes, although bank notes, and comprise the volume of the currency of France and Germany, respectively.

The franc and the mark being legal tender, the people who transact business with each other promise to pay in francs and marks, and when the franc and mark go down from par those who belong to the creditor class suffer and those who belong to the debtor class gain. A man who at the beginning of the war owed 100,000 marks worth at that time gold par could liquidate the debt now for one-fiftieth part of the same value in gold.

This is ruinous to the bond-holding class whose bonds are payable in marks. It accounts for the tremendous fluctuation in the price of stocks which represent part ownership in certain properties, because the properties having actual gold value increase in terms of marks as the marks go down in gold value.

Mr. President, I do not think it desirable that I should comment upon the wisdom or unwisdom of the German Government in expanding the marks to such a gigantic volume. It is sufficient to point out the fact of this inflation, its interruption to the stability of credits, and its eventual depressing influence on industrial life. While on a rising market there may be for a while a feverish activity to manufacture and sell goods against a rising market, eventually the discovery is made that it is an illusion and the collapse must come. We have already experienced our depression, have reached the bottom in nearly all lines of commodities, and are now reacting from it.

It is obviously impossible that the German people, the Poles, the Austrians, or Russians will ever pay in gold the debts contracted in paper money. Some compromise must be effected between the debtor and creditor class at which the mark, the kronen, the lei, and the ruble shall have a fixed gold value for purposes of adjustment, unless, indeed, with the ruble the whole bad business is repudiated. But with a depreciated and fluctuating currency business men are almost paralyzed. The distress and disorganization of business will not end until a sound currency is made available.

Mr. President, it is not enough to provide a means by which Europe can get a gold currency for the use of their manufacturers and merchants. Under the present disorganized condition of Europe they can not at this time pay back to the United States the principal or interest of the debts due our Government and our nationals in gold or in commodities. They have not the gold, and their manufacture of commodities is greatly hampered by the conditions which I have described.

Quite a few of our citizens in distinguished positions have so keenly realized the disorganization of Europe and the extreme poverty of the poorer classes that they have been led to the belief

and have advocated that the people of the United States should forgive the debt due by the people of Europe. It is a generous impulse. I sympathize with the high motive that actuates those who make the suggestion. They believe it would attach the people of Europe to the people of the United States and that it would have a future moral and financial consequence that would fully justify the cancellation of the debt.

I do not agree to this for the very simple reason that while it is true that the poverty of the poorer classes in Europe is very great, it is also true that the wealth of the wealthy classes of Europe is very great and I am not willing to tax the wealth of the United States and of our people with the effect of conveying that amount of property to the wealthy classes of Europe.

As I have heretofore stated, the material resources of Europe remain; the productive power of the people of Europe is greater now than it was in 1913, provided only their industries were properly organized and in full motion.

The very great bond issues put out by the European Governments are held by their own people, and these Government debts are private assets and neither add to nor take from the power of the European people, as such, to pay the amount which they borrowed from us. Their Governments borrowed from us ten billions and our country expended in the war over forty billions. The war cost us thirty billions net outside of what we advanced to Europe, and this war was brought on through the acts, through the sins of omission and the sins of commission of the European statesmen. We were finally besought to come to the protection of the more democratic European people who were about to be overthrown and subjugated by the evil forces which they had permitted to grow up in their midst.

While I do not agree that we should remit this debt or the interest upon it, I do think that we ought to make the most important concessions. We ought to agree to withhold for 5 or 10 years a demand for the present payment of interest on the amount due the United States by the foreign Governments and let it be added to the principal. We ought to lower the rate of interest on this indebtedness to 3 per cent because 3 per cent is a fair rate of interest on a secured debt. I say it is a fair rate because 3 per cent was the unbroken rule of interest charged by the Bank of Netherlands for 50 years without an exception previous to the World War; because France had a 3 per cent rate of interest with very few exceptions for decades before the war, and because our 3 per cent bonds before the war were at a premium, and because the American bankers pay their depositors less than an average of 3 per cent, and the American bankers are content to make less than 3 per cent on the average of their deposits in lending the deposits out and taking the responsibility of the loans.

Even during the World War London merchants got money on acceptances at $3\frac{1}{2}$ per cent, and call money now in London is under 3 per cent, and because call money in normal times, as in February, 1908, to December, 1908, averaged between $1\frac{1}{2}$ per cent and 3 per cent, as it did in 1909. It averaged under 3 per cent during 1910 and 1911, and before the World War, in 1914, from January to July it averaged under 2 per cent, and even during 1915 and 1916 it was very low, until we got into the war.

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The European people are not bankrupt either financially or morally. They will pay their debts honorably and in due time, but America ought to go as far as reason and justice requires in lowering the rate of interest, in giving time, and in extending financial cooperation and credit to enable Europe to make effective its man power and material resources.

I have said that the European people were not bankrupt for the simple reason that their material resources and man power, their brain and brawn, remain unimpaired, and while it is true that the Governments of Europe have permitted the currency to be impaired in purchasing power by emission of paper currency in excess of what could be redeemed in gold, nevertheless whatever this currency is and whatever the bonded indebtedness may be already issued by the European Governments, the European people hold as individual assets almost every dollar of these Government liabilities, and in appraising the wealth and the wealth-producing power of Europe it must be remembered that these national liabilities are individual assets.

I am not willing, Mr. President, to have the wealth of America taxed in the interest of contributing to the wealth of Europe, and Europe must recognize its obligation to tax its own wealth just as we have taxed our wealth in this country to meet its national obligations.

All Europe must acknowledge the rights of private property and provide the means of giving private property prompt, sure protection.

The European nations must balance their budgets, and will undoubtedly do so as soon as the world reaches an understanding with regard to the limitation of armaments on sea and land, and as soon as the nations have an understanding, whether express or implied, that they will use their combined energies to protect the territorial integrity of unoffending nations against the invasion or aggression of outlaw nations.

With the destruction of the military dynasties the world has but little reason to anticipate in future wicked wars of aggression.

The European nations must stop the unlimited issue of paper money and bring their currency back to gold par. This is a problem of gigantic importance and of the most serious difficulties dealing with the bonded indebtedness of these nations measured in terms of a depreciated currency. It can only be done by the most resolute and clear-cut purpose and will involve compromises between the debtor and creditor classes involving amounts that are gigantic. We need not wait for this compromise to be effected, for other remedies are available.

Mr. President, in the event that the United States does postpone the payment of the interest on the European debt for the next 5 or 10 years, and if we extend the time of the payment of the principal of the European debt for 50 years, we ought at the same time to postpone the payment of the bonded indebtedness of the United States for at least a like period and waive the collection of a sinking fund for the next 5 or 10 years in order to relieve the American people of some part of the gigantic burden of taxes imposed by this World War.

In conclusion, Mr. President, the suggestions which I wish to make are as follows:

First. That we should postpone the final payment of the World War debt in the United States by extending the payment over 50 years; that we should not for 10 years collect any amount for a sinking fund.

Second. That in arranging the payment of Europe's debt to the United States we should extend time to Europe necessary to enable them to readjust their affairs and regain their productive power, and that we should not for 10 years demand of them the payment of the interest due, but allow it to merge into the principal.

Third. That we should put the interest rate at 3 per cent on the European debt to the United States.

Fourth. That we should establish a Federal reserve foreign bank through which might be emitted twenty-five hundred million dollars of gold-secured Federal reserve foreign bank notes having 100 per cent commodity bills and banking credits behind such notes; such notes subject to redemption in gold at New York, London, and Paris only, and then only to member banks.

The Gresham law could not apply to these reserve bank notes, for the very sound reason that every one of these notes would have behind it 100 per cent of commodity bills worth the gold on the market, and moreover would have sound bankers' credit worth the amount of such notes in the market, and moreover would have 20 per cent of actual gold, so that anybody able to buy gold at all could buy it with these commodities and bankers' credits and need not cash the reserve bank notes as a means of getting gold. It would not be the same as putting gold in circulation side by side with depreciated paper money, because to get these notes you have got to pay the full value in gold in terms of commodities and bankers' credit, and it would be just as easy to buy gold under these circumstances as to buy and redeem the bank notes.

The value of the proposed note is that it furnishes in the most convenient possible form a currency redeemable in gold and worth gold, and, therefore, becomes a medium of exchange with which the European people, the manufacturers and merchants and business men, can measure their contracts and know what they are doing when they enter into a contract.

I have drawn this bill in the hope that some of the Senators of the party in power would approve its principles and take it and perfect it by putting it under the microscope and use its sound principles in order that the people of Europe who owe us fifteen thousand millions of dollars may be put in a position where they can repay what they owe us. Our industrial and commercial prosperity is most intimately bound up with the happiness and prosperity of the European people. If they can not buy our goods we suffer; if we can not buy their goods they suffer. If their industrial life is disorganized so that they can not buy from us our foreign commerce languishes.

We have already seen our foreign commerce fall off over three thousand million dollars this year. We find goods piling up in excess, and men burning corn in the West, while the Russian people die for the lack of corn.

The world is entering into a new era. The great military dynasties have been overthrown. The Hohenzollerns, the Hapsburgs, the Romanoffs have followed the Bourbons. The

world enters a new democratic era. The Conference at Washington on the Limitation of Armaments has already had a profound effect on the world. It will not only cut down the gigantic taxes which would have ensued from the rivalry among the nations in building warships, but it will lead to a limitation of land armaments. The increasing intelligence of the people of the world will no longer permit statesmen to be led by vanity and ambition into the slaughter of the peoples of the earth.

A new era has been born, an era of peace, of industrial life, of new industrial activity, of new powers of production, and the great war debts in 25 years from now will be liquidated far more easily than they are now, not only because of the increasing power of man to harness the forces of nature and create values, but because men have learned how to create credits and to make money available to those who are entitled to it. We have demonstrated this in the Federal reserve act; in the farm loan act; in the War Finance Corporation; in the Liberty loan drives, where we turned over to Uncle Sam forty billions of dollars of credits in a few short months.

Under the Federal reserve act since 1913 there has been a very large expansion of credits, notwithstanding the contraction which has taken place under the pressure of the last year and a half.

The payment of the war debt will be much easier on the people by postponing it a few years, because their productive power is increasing year by year. I therefore pray, Mr. President, that the members of the majority party who are charged with the administration of government shall consider the suggestions which I have had the honor to make, and if there be credit arising from the principles and plan I propose, let the party in power take the full credit. I shall be more than content if what I have proposed may be of service to the country and the world and assist the party in power to meet the reasonable hopes and expectations of the American people.

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Congressional Record.

SIXTY-SEVENTH CONGRESS, SECOND SESSION.

The need of Europe for a stable gold-secured currency as a means of measuring contracts in manufacturing, buying and selling, increasing production, and restoring the purchasing power of Europe—Senate bill 2915.

REMARKS

OF
HON. ROBERT L. OWEN,

OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

Friday, January 20, 1922.

PROPOSED FEDERAL RESERVE FOREIGN BANK.

Mr. OWEN. Mr. President and gentlemen of the Senate, I again call the attention of my colleagues, and especially of my Republican colleagues, and appeal to them to consider the proposal I submitted January 4, Senate bill 2915. Action on this subject promptly is of vital importance to our foreign commerce. It offers an important means to restore the value of our agricultural and manufactured commodities, to relieve our industrial depression, to engage our unemployed labor, to stimulate the industrial activities of Europe, to enable Europe to buy our commodities, to assist Europe to repay us the loans we made to England, France, Italy, Rumania, Belgium, and Russia.

The bill proposes to give Europe the wonderful benefits which we receive and enjoy from the wise and sound principles of the Federal reserve act and the enormous gold supply we have built up under that system; that there shall be established a Federal reserve foreign bank for European operations, with \$500,000,000 gold capital, owned by our 12 Federal reserve banks, with power to issue \$2,500,000,000 in bank notes—denominations, \$1, \$5, \$10, \$20, \$50, \$100, \$1,000, and \$10,000—to be issued against 100 per cent sound short-term bankers' bills, secured by 100 per cent of staple, merchantable, insured commodities, title covered by documents, with a 20 per cent gold reserve for redemption purposes, redeemable in gold at London, Paris, and Berlin by member banks only; that such bank should lend such currency notes against such bankers' bills, and thus furnish the people for till money and pocket money, and to the banks of Europe \$2,500,000,000 of gold bank notes as a currency with which to measure business contracts and afford a stable measure of value in buying, selling, and contracting for the manufacture and delivery of commodities.

The most vital financial need of Europe is a dependable, stable international currency as a medium of exchange. America alone at this time is able to furnish such a currency, as America alone has the gold. We alone have the available gold.

We have 35 per cent gold reserves, against \$1,784,600,000 of deposits of member banks, equal to \$634,400,000, which is idle, useless, and unproductive, because the deposits can not, except in case of an occasional bankruptcy, be withdrawn under the statute, and could be paid in reserve notes even if the deposits of an insolvent bank were withdrawn. We can use \$500,000,000 of this unproductive gold and still leave the Federal reserve notes with 100 per cent of gold for redemption purposes.

The Bank of England during the Great War, although the bulwark of Great Britain's financial structure, got down to 8 per cent reserve without creating any financial disturbance.

It will be very profitable. These loans of \$2,500,000,000 of bank notes would approximately pay 3 per cent, or \$75,000,000 gold annually, and expand the service to the extent of European requirements.

The one great overwhelming need of Europe is a money equal in value to gold, and as stable as gold, in the pockets of the people, in the tills of the merchants, manufacturers, business men, and bankers.

Buyers and sellers with a fluctuating currency are terribly handicapped. The buyer finds the mark buys less in commodities as the mark falls in value, so that his money is losing value all the time. The seller finds his commodities bring marks of less gold value as the mark falls. When he tries to

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save himself by raising the price in terms of marks it is to his disadvantage in selling. When he receives the marks for his goods, before he can buy new commodities the mark has again fallen in gold value. He suffers both ways. Measuring contracts by a fluctuating currency is like measuring silk cloth with a rubber yardstick; like selling oil by the can without defining the size of the can; buying coal by the bucket without knowing the size of the bucket.

It is chaos, hopeless confusion. Under such conditions the manufacturer, merchant, and business man is almost paralyzed. Productive activities and profitable commerce are well-nigh impossible. The greatest duty of statesmen is to promote the profitable employment of the people, to furnish them facilities in sound currency and credits, to remove obstructions to commerce and production, make raw materials accessible, promote transportation.

European business men would rejoice to have the use of this gold currency.

It would tend to immediately stabilize contracts and credits, stimulate production and employment.

It would tend to stabilize exchange.

It would greatly assist Germany to meet its reparation bills in gold payments, and thus help France, Belgium, Great Britain, and Italy.

It would help to make the gold dollar the standard measure of international contracts.

It would make the United States the greatest and most useful servant of mankind, and entitle America to the increased respect of the whole world.

It will enable Europe to create the commodities needed to pay America \$1,500,000,000 of debts and interest thereon.

It will preserve the gold standard and prevent Europe going permanently to a paper-money basis.

It will increase the demand for gold for monetary use in Europe, where such demand has largely ceased to the disadvantage of our excess hoarded gold and its purchasing power.

It will be profitable and earn a minimum of \$75,000,000 per annum.

It will stimulate our foreign commerce or exports and imports.

It will tend to raise the prices of our export products, to increase the employment and the wages of labor in the United States, and relieve our present industrial depression.

Foreign nations alone can place their currencies on a gold par basis. If they conclude to do that, they must balance their budgets, be economical, by taxes take up their surplus currency, and arrange a plan by which debtors will pay their debts or bonds on the gold basis of value, so that the debtor, whether a citizen or a nation, shall only pay the gold value originally advanced by the creditor. On this basis Governments would only tax their people to the extent of what the Government got in terms of gold when they sold their bonds. There must be some equitable adjustment between the debtors and creditors in Europe, between the bondholders and the taxpayers of Europe. It can be done, but it is a matter exclusively in the hands of the statesmen of the several countries involved.

We can nevertheless furnish them with a gold-secured currency and with credits, and this assistance to Europe I urge upon you.

We should agree to merge the interest on the European national debts to our Government into the principal of the debt for the next 5 or 10 years.

We should put the interest at the prewar rate, 3 per cent.

We should extend the time for paying the principal for from 30 to 50 years.

We should help them with our gold and give them a gold-commodity secured currency and the credits that would be easily afforded through the proposed Federal reserve foreign bank.

When we extend the payment of the European War debts to 30 or 50 years now we should do the same thing in the United States and extend the payment of the United States war bonds for a like period.

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1922

SOLDIERS' ADJUSTED COMPENSATION.

SPEECH

OF

HON. ROBERT L. OWEN,

OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

August 31, 1922.

The Senate had under consideration the bill (H. R. 10874) to provide adjusted compensation for veterans of the World War, and for other purposes.

Mr. OWEN. Mr. President, I am not able, as I had hoped, to vote for this bill in the final form as presented by the majority party of the Senate with no means therein provided for payment. I should feel justified in voting for imposing taxes for the benefit of our young men to the extent required to cure or relieve them of injuries, to support them where disabled or incapable of self-support or in distress, to instruct them in self-support by vocational instruction, and to assist them in developing a home on the public domain. But to tax the American people by from \$4,000,000,000 to \$7,000,000,000 by the certificate plan, without any discrimination whatever, as set forth in the bill, and pay out huge sums for those not in want, not unemployed, and in fine health, does not seem to me wise or defensible. We should be provident with the family purse and use its resources for those in need and not spend our resources for those not in need, lest we then may be compelled to deny those in great need.

I do not feel justified as a temporary trustee of the people's legislative power to put this unnecessary tax on my countrymen without a mandate or instructions from them. My sympathies are with all of our young men desiring the bonus, and I should be glad to support their wishes if the people of Oklahoma through the legislature should express the wish of the State to that effect, but I can not consent to tax our impoverished and troubled people any more without knowing that they wish me to vote this unnecessary tax upon them. The organization of our veterans committed to this plan is said to consist of 25 per cent of our soldiers enlisted and to represent approximately 5 per cent of our people. The members of the Legion are divided in opinion as to its wisdom, and they have advised me both for and against the bill.

The leaders of the party in power have determined to pass the bill, and the passage of the bill is absolutely sure. My vote is not needed to pass it. The Republican Party has the mandate of the country. That party will take the credit for the act, and I prefer that the Republican Party shall take the undivided responsibility for the added taxes which will be required to pay the full liability assumed by the act.

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WASHINGTON : GOVERNMENT PRINTING OFFICE : 1922

SOLDIERS' ADJUSTED COMPENSATION

SPEECH

HON. ROBERT L. OWEN,
OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES

August 31, 1922.

The Senate had under consideration the bill (H. R. 10674) to provide adjusted compensation for veterans of the World War, and for other purposes.

MR. OWEN. Mr. President, I am not sure as I had hoped to vote for this bill in the final form as presented by the majority party of the Senate with no means therein provided for payment. I should feel justified in voting for imposing taxes for the benefit of our young men to the extent required to care or reduce their indebtedness, to support their wives disabled or incapable of self-support or to distress to instruct them in self-support (vocational instruction), and to assist them in developing a home on the public domain. But to tax the American people by from \$1,000,000,000 to \$7,000,000,000 for the certain tax plan without any destination whatever as set forth in the bill and pay out huge sums for those not in want, not employed, and in the health does not seem to me wise or desirable. We should be provided with the family purse and better resources for those in need and not spend our resources for those not in need, lest we then may be compelled to deny these in great need.

I do not feel justified as a temporary trustee of the people's legislative power to put this unnecessary tax on my countrymen without a mandate or instructions from them. My sympathies are with all of our young men desiring the home, and I should be glad to support their wishes if the people of Oklahoma through the legislature should express the wish of the State to that effect, but I can not consent to tax our impoverished and troubled people any more without knowing that they wish me to vote this unnecessary tax upon them. The organization of our veterans committee to this plan is said to consist of 50 per cent of our soldiers called and to represent approximately 5 per cent of our people. The members of the legion are divided in opinion as to its wisdom, and they have advised me both for and against the bill.

The leaders of the party in power have determined to pass the bill and the passage of the bill is absolutely sure. My vote is not needed to pass it. The Republican Party has the mandate of the country. That party will take the credit for the date of the country. I prefer that the Republican Party shall take the undivided responsibility for the added taxes which will be required to pay the full liability assumed by the act.

WASHINGTON: GOVERNMENT PRINTING OFFICE: 1922
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STATEMENT
OF
HON. ROBERT L. OWEN
UNITED STATES SENATOR FROM OKLAHOMA

WITH REGARD TO
THE CAUSES OF THE RECENT AND EXISTING INDUSTRIAL
DEPRESSION—REPUBLICAN PARTY LARGELY RESPON-
SIBLE FOR DEFLATION OF CREDIT AND CUR-
RENCY AND THE SEVERITY OF THE
INDUSTRIAL DEPRESSION

IN THE
SENATE OF THE UNITED STATES

SEPTEMBER 22, 1922



WASHINGTON
1922

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STATEMENT
OF
HON. ROBERT L. OWEN
UNITED STATES SENATOR FROM OKLAHOMA

WITH REGARD TO
THE CAUSES OF THE RECENT AND EXISTING INDUSTRIAL
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SENATE OF THE UNITED STATES

SEPTEMBER 25, 1932



WASHINGTON

1932

12011-11021

1932

STATEMENT
OF
HON. ROBERT L. OWEN,

UNITED STATES SENATOR FROM OKLAHOMA, WITH REGARD TO THE
CAUSES OF THE RECENT AND EXISTING INDUSTRIAL DEPRESSION—
REPUBLICAN PARTY LARGELY RESPONSIBLE FOR DEFLATION OF CREDIT
AND CURRENCY AND THE SEVERITY OF THE INDUSTRIAL DEPRESSION.

The Federal reserve act was intended to give stability to credits, industry, and commerce and to prevent unwarranted inflation or unwarranted deflation. As chairman of the Committee on Banking and Currency of the United States Senate, which framed and passed this act, I am justified in this statement.

When the United States entered the war in 1917, and purchasing agents with unlimited money were turned loose to buy war materials without limit on cost, it caused commodity prices to rise in an unprecedented manner, these prices going up two and three hundred per cent.

When the war ceased and the purchasing agents were discharged and the surplus war materials put on the market by forced sales and the nations of the world went back to peaceful processes, millions of men again became productive, the volume of commodities increased, and the urgency of the demand diminished, and therefore there took place, of necessity, a great fall in commodity prices, causing heavy losses through inventories which had to be rewritten. This had a natural tendency to bring about an industrial reaction.

But it was a process which was accomplished somewhat slowly and only began to make itself felt in the fall of 1919.

No man and no party should be held responsible for this natural reaction from the high prices of war; but if the powers of the Federal reserve act had been wisely employed, an industrial depression could have been largely avoided and its effects mitigated.

In the election of 1918 the tremendous discontents due to our war activities were successfully employed by the Republican Party leaders, and they elected a majority of Republicans to the House of Representatives, and by a gigantic effort, and obtained through the lavish use of money in many States, and especially in Michigan, were able, by Senator NEWBERRY'S vote, a single vote, to organize the United States Senate. They therefore organized and controlled the Sixty-sixth Congress, which met May 19, 1919.

Immediately the influence of the Republican control of the two Houses of Congress made itself felt on the Federal Reserve Board, whose membership, nominated by Secretary W. G. McAdoo, with a single exception, was reactionary and ultra-conservative.

Gov. W. P. G. Harding, under this Republican influence, and representing the Federal Reserve Board, thereupon determined

upon a policy of deflation. About the 1st of July, 1919, as governor of the reserve board, he went to New York City, called the leading bankers together, and notified them that they would have to cut down their loans on stocks and bonds, which at that time amounted to about nineteen hundred millions of dollars.

With this Government support and this Government demand, the New York banks promptly began a policy of deflation, which they made effective by raising interest rates, charging more and more for money and credit. The call rate, which had been at a very reasonable point, began to rise to 5, 7, 10, 15, 20, and as high as 30 per cent by November, 1919, with the apparent approval of the Federal Reserve Board, who did nothing effective to stop it, in spite of a demand that they should do so. The running up of the rates to 30 per cent on call in New York shocked the confidence of the country, drew money violently from various industrial centers to New York, and broke the stock market, resulting in losses eventually running into thousands of millions in the value of stocks and bonds.

Along in December, 1919, the Reserve Board, under the Republican influences to which I have referred, began to consider raising the rates of the Federal reserve banks and, over my vigorous personal protest made in person to the members of the Federal Reserve Board and then by writing, they did raise the rates of interest. Then on the floor of the United States Senate I protested against the ruinous deflation policy.

In the meantime the Kansas City Title & Trust Co. tied up all the loans of the Federal farm loan banks by a suit intended to test the constitutionality of the farm loan act. (*Smith v. Kansas City Title & Trust Co.*, 255 U. S. Sup. Ct., p. 180.) The banks of the country followed the bad example of the Federal reserve banks in contracting credits.

In the spring of 1920 the Republican Congress passed an amendment to the Federal reserve banking law empowering the Federal Reserve Board to increase the rediscount rates without limit, and under this act the board permitted the Federal reserve banks to run the rates up in a manner to violently affect the stability of credits in the United States, in one egregious case the rate going over 80 per cent per annum and in many cases going up to 12, 15, and 20 per cent.

Unable to influence the Federal Reserve Board in favor of lower interest rates, I wrote a letter to the President on February 13, 1920, but his unfortunate illness made it impossible for him to consider it.

On February 16, 1920, I raised my voice on the floor of the Senate against this destructive policy and put in the CONGRESSIONAL RECORD my letter to the President explaining how speculation and hoarding could be prevented and controlled without these excessive interest rates and without deflation of credit. (CONGRESSIONAL RECORD, 2937. Exhibit A.)

Again, on March 8, 1920, on the floor of the Senate (CONGRESSIONAL RECORD, 4001), I raised my voice against this destructive policy and high interest rates, but the protest was unavailing with the Republican leaders of the Congress.

Again, on April 21 Senator McCUMBER, now chairman of the Finance Committee of the United States Senate, urged that the Federal reserve act should be modified so as to compel contraction (CONGRESSIONAL RECORD, 5936) of the currency, and he

complained about the greatly inflated currency and attributed the high prices of war to an "inflated" currency. He urged a contraction of the currency.

The Federal Reserve Board, under these Republican influences, put great pressure to bear on the banks to compel them to sell Government bonds which, under high interest rates, had fallen severely in market price, and again I protested against the high interest rates on April 30, 1920 (CONGRESSIONAL RECORD, 6337) and showed how speculation and hoarding could be controlled without raising the rates of interest and without deflation of credit or currency, and I put in the Record on that day a letter which I had written to the governor of the Federal Reserve Board, April 27, 1920, protesting against raising the interest rates, and I said to him (CONGRESSIONAL RECORD, 6337. Exhibit B):

"The Federal Reserve Board can not permit itself to be held responsible for the *consequence that will ensue* if it persists in this policy of raising the interest rates as a remedy for speculation."

The board asserted they were raising the rates and deflating credits to check speculation.

I explained to him in this letter how speculation could be controlled without raising the interest rates, and I urged the board to pursue a policy that would give stability to credit and avoid the dangers that would ensue if the powers of the board were used to break down confidence and credit in the United States. Unhappily the Federal Reserve Board, under the influence of the Republican leaders, refused to listen to my pleading.

In the interest of those *who had dollars* they seemed determined to *make the dollars buy more* by a policy of indiscriminate deflation and currency contraction.

I urged that the dollars could be made more valuable by increasing the volume of commodities through industry and prosperity rather than to make the dollars more valuable under industrial depression by the hammer of the auctioneer and reducing the cost of commodities below the cost of production.

On May 3d, 1920, the governor of the reserve board replied to my appeals, but did not change the policy of the board. He said, however (CONGRESSIONAL RECORD, 6556), that:

"During the year 1919 the board tested the policy of *attempting to control the credit situation by admonition and warnings without raising rates.*"

The board did far more than use admonitions and warnings to bring about deflation and "*control the credit situation.*" It issued its bulletins and gave its counsel and advice and issued rules and regulations, all of which went to carry out the policy of indiscriminate deflation, all of which had the purpose to limit credits throughout the United States and to reduce the volume of currency required and had the effect to break values ruinously and to create a terrible industrial depression and ruin tens of thousands.

On May 14, 1920 (CONGRESSIONAL RECORD, 7039), I replied to Governor Harding's letter, insisting that the Federal reserve system was intended to give stability to credit, that it was not a money-making institution, and I pointed out:

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"The Federal Reserve Board is thinking much these days of *deflating credit*. The idea has been much exploited recently that it is a good thing to *deflate credit*."

And against this policy I entered my vigorous protest, fully set forth in the RECORD, and I put in the RECORD a letter dated May 14, 1920, to Governor Harding (Exhibit C), so that there might be no doubt that my appeal to the Federal Reserve Board for liberality in treatment for the country was made and was unavailing. (CONGRESSIONAL RECORD, 7042.)

The Reserve Board declared automobiles and various commodities nonessentials and advised the banks to refuse credits on automobiles and on many other things, including commodities in storage.

The answer which the Reserve Board gave me in answer to my letter was Senate Resolution 363, submitted by Mr. McCORMICK, leading Republican Senator from Illinois, to the following effect:

"Resolved, That the Federal Reserve Board be directed to advise the Senate *what steps it purposes to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation of currency and credits and consequent high prices,*" and so forth.

The Republican Senate passed this resolution, which was expressly intended to be a notice to the Federal Reserve Board by the Republican Party that they *were expected to deflate* "the existing inflation of currency and credits and consequent high prices," attributing to inflation the high prices instead of to the results of the war.

On May 18, 1920 (CONGRESSIONAL RECORD, 71993), I again addressed the Senate on this question and protested against the resolution of the Senator from Illinois and I warned the Federal Reserve Board and I warned the country that *an industrial depression would result from the policy of forced deflation* (CONGRESSIONAL RECORD, p. 7200). I pointed out that the earnings of the Federal reserve banks were running up to nearly 200 per cent per annum. I charged the Republican Party then and there with being responsible for the attitude of the Federal Reserve Board. Mr. McLEAN, who was then chairman of the Banking and Currency Committee of the Senate, defended the high discount rates (May 18, 1920).

But, Mr. President, the responsibility of the Republican Party for the policy of indiscriminate deflation was fully assumed by the leaders of that party at the Chicago convention in June, 1920, in the following plank:

"The prime cause of the high cost of living has been first and foremost a 50 per cent depreciation in the purchasing power of the dollar, due to a *gross expansion of our currency and credit*. We condemn the unsound fiscal policies of the Democratic administration. As the political party that throughout its history has stood for honest money and sound finance we pledge ourselves to earnest and consistent attack upon the high cost of living by rigorous avoidance of further inflation in our Government borrowing and by courageous and intelligent deflation of our overexpanded credit and currency."

They deliberately declared in favor of a deflation of credit and currency and brazenly called it courageous and intelligent.

They could only do it through the Federal Reserve Board as they had already been doing it by the Federal Reserve Board.

On July 22, 1920, Mr. Harding, Republican nominee for President, in his speech of acceptance, said:

*"Gross expansion of currency and credit have depreciated the dollar. * * * Deflation on the one hand and restoration of the 100-cent dollar on the other ought to have begun on the day after the armistice. * * * We pledge that earnest and consistent attack which the party platform covenants. We will attempt intelligent and courageous deflation, and strike at Government borrowing, which enlarges the evil."*

And there is not the slightest doubt, therefore, about the Republican responsibility for the drastic deflation which took place in their determined policy to deflate credit and currency. Its terrible effects upon the country are well known.

I was not alone in my efforts to prevent this drastic deflation policy pursued by the Republican leaders, acting through the Reserve Board and Governor Harding, of the Reserve Board, because Hon. John Skelton Williams, then Comptroller of the Currency—the best the Nation ever had—also vigorously protested against the high rates of interest, as will appear from his statement made September 11, 1920, and printed in the Report of the Comptroller of the Currency of 1920, page 82.

On September 11, 1920, the comptroller made public the following additional statement in regard to interest rates in New York, which explains itself:

"SEPTEMBER 11, 1920.

"A leading New York paper, in its financial columns to-day, criticizes the statements made this week by Senator OWEN relative to the excessive interest rates which have been charged by certain banks in New York City during the past year, and says that bankers 'point out that when Senator OWEN charges that \$500,000,000 has been loaned at rates up to 30 per cent he is speaking without the record.' Continuing, the press article says:

"That high figure obtained on the stock exchange for about 10 minutes one afternoon the middle of last November, and probably as much as \$1,000,000 was loaned at that rate.'

"That criticism by the unnamed 'bankers' is misleading, and in justice to Senator OWEN it is proper to say that the Senator's public statements on this subject, as printed in the press dispatches which have been brought to my attention, are substantially correct, and in view of actual facts are moderate and conservative.

"During the past year the burdensome and oppressive interest rates to which the Senator refers have been exacted, not in 'one or two possible insignificant instances,' as one New York paper expressed it, and not as the 'high figure' as another paper expressed it, 'for about 10 minutes one afternoon the middle of last November,' but in thousands of instances, at numerous times, and upon call loans aggregating hundreds of millions of dollars.

"The information on this subject called for as of August 5, from all of the New York City banks has been supplied by nearly all of them and is now being compiled; but in anticipa-

tion of a more complete statement which will be available later, it may be interesting to the public to know that the amount of demand loans, upon which two or three of the banks, only (exclusively of various others which were charging the same rates), were exacting 20 per cent or more per annum interest (in some instances as high as 25 and 30 per cent) was—

On November 13, 1919, about.....	\$50,000,000
On November 14, 1919, about.....	40,000,000
The new call loans at the rate of 25 per cent per annum made by one of these banks at the end of 1919, on December 29, 30, and 31, aggregated about.....	20,000,000
On January 2, 1920, these same two or three banks were lending at 18 per cent, 20 per cent, and 25 per cent interest, about.....	75,000,000
On January 3, 4, and 5, at 18 per cent interest from \$60,000,000 to.....	70,000,000
On February 6, 1920, at 20 per cent and 25 per cent interest, over.....	40,000,000
On February 9, 1920, at 20 per cent interest, about.....	40,000,000

“As late as the end of June it appears that interest as high as 14 per cent per annum was being demanded by these banks on millions of dollars of call loans.

“These illustrations are from the official records of only two or three of the thirty-odd national banks in New York City, but they are sufficient, I think, to show the unfairness and incorrectness of the criticisms of Senator OWEN's just condemnation of the excessive interest rates which for some time past have been a distinctly disturbing factor in the business and financial situation.

“I am pleased to confirm the statement I made some time ago that although the aggregate amount upon which unjust and oppressive interest rates have at times been exacted by some banks is very large, a majority of the national banks in New York City have made a comparatively small proportion of their loans at these indefensible rates.”

The comptroller denounces these high interest rates in his report from pages 79 to 105.

The result of this drastic deflation of the Republican Party was that there was a decrease, from September, 1920, to September 6, 1921, of \$2,191,104,000 in the deposit of the national banks; a decrease of \$1,042,186,000 in the deposit of the State banks; a decrease in the loans and discounts of the Federal reserve banks of \$1,621,630,000, and a decrease of Federal reserve notes in circulation of \$957,371,000; a decrease in Federal reserve bank notes of \$131,085,000; the loans and discounts of the national banks decreased \$1,446,858,000, and other banks' loans and discounts decreased \$481,882,000—a total contraction of credits amounting to over five billions in the space of one year.

On May 28, 1920, the outstanding credits of the Federal reserve banks were \$2,938,031,000; on January 25, 1922, the outstanding credits of the 12 Federal reserve banks had fallen to \$932,882,000—a total contraction in 20 months of \$2,005,149,000.

Besides this gigantic deflation, private individuals from one end of the land to the other were frightened into following the

same policy and in their relations with each other outside of the banks the same cowardly and injurious policy was followed, creditors pressing debtors for settlement to the ruin of the debtors.

Of course this resulted in the ruin of hundreds of thousands of farmers; of men engaged in cattle raising and in sheep raising and in animal industry. It ruined many merchants, manufacturers, and business men, and even ruined very many bankers. Of course it brought wages down and was intended to bring wages down.

Of course it paralyzed business until the process was completed. It caused the great strikes of the country.

The prices of the things, however, that the farmer and wage earner and great consuming classes have to buy, being controlled by the trusts and monopolists and by profiteers, still remain at a figure much too high.

To prevent the possibility of foreign competition with domestic extortion, the Republican Congress has now enacted the highest tariff protection bill in the history of the country.

The responsibility of the Republican Party for the great industrial depression we have suffered is thoroughly well established and must be acceded by every man with an open and a just mind who loves the truth first and party success second.

A few great bankers who think alone in terms of dollars and the purchasing power of dollars demanded the deflation of currency and of credits to increase the purchasing power of their dollars.

The Republican Party accepted the advice and carried out the policy. God save the American people. Torn and misled by a million grievances arising against the Democratic Party because of the autocracy and abuses of war, the people voted for a change. They got a change from wonderful prosperity in 1918 to a terrible depression in 1921. It is time for another change. The Republican leadership is controlled by reaction. The country is truly progressive and liberal, and to this spirit the Democracy must appeal.

EXHIBIT A.

FEBRUARY 13, 1920.

Subject: Interest rates.

The PRESIDENT.

The White House.

MY DEAR MR. PRESIDENT: I deem it my duty to call your attention and the attention of your administration to the importance of moderate interest rates and stability therein in the United States and the important part which the influence of the Government can exert in accomplishing these ends through the Treasury Department, the Comptroller of the Currency, and the Federal Reserve Board.

Before the Great War Belgium had a fixed, stable rate of 3 per cent for 50 years and the rate in France was practically the same, and United States Government bonds with the circulation privilege were sold at and above par when they bore only 2 per cent interest.

During the World War London merchants have enjoyed a 3½ per cent rate on acceptances.

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Our manufacturers, our merchants, our business men are entitled to reliable, stable, reasonable rates of interest.

The productive and distributive processes so essential to restore the equilibrium of the world depend upon such rates in order to function most efficiently.

I call your attention to the unreasonable manner in which the interest rates on the stock collateral loans in New York have been fluctuating from normal to 25 and 30 per cent, with the most unhappy consequences upon interest rates, injuriously affecting our commercial business throughout the United States.

The Federal Reserve Board has been induced to raise the rate of discount of the Federal reserve banks to a high point as a supposed check on the extraordinary speculation which has been taking place on the stock exchange.

These artificially unreasonable high rates of interest charged by the banks in the central cities on stock collateral call loans have had the effect of drawing to these cities from different parts of the country funds which ought to be exclusively used in commerce, and this process went to a point where recently the amount of stock collateral exchange loans on call or short time reached a volume in New York City of \$1,900,000,000, withdrawing for speculative purposes these credits which should be used in the industrial and commercial life of the country.

The investing and speculating public has been attracted to the stock exchange by the policy of narrow margins and low rates of interest; but after the public has taken on these speculative purchases the interest rates are raised to a high point and the margins are increased from 10 per cent to 20 and 30 per cent, with the effect of squeezing out the people who, in the language of the day, "can't hold on."

These loans, which were \$1,900,000,000, 60 days ago, have now been reduced to \$1,000,000,000, and the stock market has gone through a very severe depreciation; and this is the second upheaval of this kind within two months. I inclose an exhibit showing the violent fluctuations which have taken place contrary to a wise public policy, to the ruin of many weak and foolish speculators; but, above all, to the injury of the manufacturers, merchants, and business men who are entitled to have stable, moderate interest rates.

The manufacturers, merchants, and business men are entitled to stability. They can not otherwise transact the business of the country with safety; and in their name and on their behalf I respectfully and very earnestly insist that the Government shall establish a policy which will give stability to interest rates, prevent these violent fluctuations, and lead to lower interest rates.

Will the question be asked, How can it be done? I venture to answer:

First. That the influence of the Comptroller of the Currency and of the Federal Reserve Board be exerted to require a limitation upon loans made by member banks or banks engaged in interstate commerce, so that only a reasonable percentage of the deposits of such banks shall be permitted to be used for the accommodation of those who are buying stocks for speculative purposes.

Second. That a margin of not less than 25 per cent shall be required in such transactions.

Third. That an interest rate not exceeding 8 per cent shall be permitted in such transactions.

Fourth. That the reserve board shall charge a special rate of interest to those banks who are using the accommodations of the discount privileges with the reserve banks in excess of their rightful proportionate part of such accommodation, so that the normal discount rates of the Federal reserve banks shall not exceed 4 per cent, but the special rate for banks desiring to use more than their rightful proportion of the reserves with the reserve banks shall be at a progressively higher rate. In this way banks that put up Liberty bonds for the purpose of getting more than their proportionate part and lending this money out on very high rates of interest will find it less profitable to engage in such a policy.

The discount rates of the Federal Reserve Bank of Richmond, for example, effective January 23, 1920, included the following:

	15 days and under.	16 to 90 days.	91 days to 6 months.
	Per cent.	Per cent.	Per cent.
Member banks:			
Secured by United States certificate of debt.....	4½	.....	.....
Secured by Liberty bonds.....	5½	.....	.....
Secured by eligible paper.....	6	.....	.....
Secured by War Finance Corporation bonds.....	7	.....	.....
Rediscounts:			
Customers' notes—			
Secured by United States certificates of debt.....	4½	4½	.....
Secured by Liberty bonds.....	5½	5½	.....
Secured by War Finance Corporation bonds.....	7	7	.....
Trade acceptances.....	6	6	.....
Commercial paper.....	6	6	.....
Agricultural or live-stock paper.....	6	6	6

You will observe from these discount rates that eligible paper—that is, the notes of manufacturers, merchants, and business men engaged in production and distribution—would be compelled to pay around 8 per cent if the member bank is permitted any margin over and above what they themselves have to pay the reserve bank. This is true even on trade acceptances, which in London have a rate of 3½ per cent. In other words, our manufacturers, merchants, and business men engaged in production and distribution are compelled to pay by this policy twice as much as they do in London, charging the interest, of course, upon the cost of the goods, and thus raising the cost of living. Against this policy I enter my resolute and solemn protest.

I heartily approve the evident purpose of the Federal Reserve Board to reduce the excessive speculative loans on the stock market and divert such credits to the benefit of commerce; but this can be accomplished without raising the rate of interest by requiring larger collateral margins and by limiting stock collateral loans to a reasonable part of the reserves of the member banks, and all loans to a proportionate part of the reserves with the Federal reserve banks.

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LIBERTY LOAN AND VICTORY LOAN BONDS.

When the American people were engaged in the war the Treasury Department organized Liberty and Victory loan drives, and every citizen was urged to buy these bonds; if necessary, to sell his property and buy the bonds; to borrow money and buy the bonds. The bonds were sold at par. It was a patriotic duty to buy the bonds, but the high rates of interest which have resulted from the unrestrained speculation on the stock exchange, and the high rates of interest which the reserve banks have established, have had the effect of having these bonds appear as a poor investment, and these bonds have shrunk so that in the case of the bonds which have not the nontaxable feature they have fallen off in value almost 10 per cent, inducing many persons who are poor and who borrowed money to carry these bonds to sell them at a loss, and many more will be induced to sell them at a loss, contrary to a wise and just public policy.

If the normal discount rate of the Federal reserve banks were put at 4 per cent and the banks were discouraged from abusing the privileges of the reserve banks for stock-speculative purposes in the manner which I have pointed out, these bonds would come back to par, and they should be brought back to par. The people who bought these bonds ought not to suffer a loss, and the credit of the United States ought to be preserved by the policy which I have taken the liberty to suggest to you and to your administration.

The result of these speculative stock loans has been such that the New York Federal reserve bank has had its reserve very seriously impaired, so that the New York reserve bank has been borrowing money on a large scale from other reserve banks who do not suffer from this strain.

There is no adequate reason why the rates of the reserve banks should not be uniform; why they ought to be higher in one part of the country and lower in another part of the country. The loans are as reliable in one part of the country as in another, and every part of the country is entitled to a uniform rate.

The high cost of living demands for its solution stability in interest rates in order to encourage production and distribution, and to reduce the high cost of living demands a moderate rate of interest.

The Federal reserve banks were not established as money-making institutions, but for the purpose of giving stability and a reasonable stable interest to the productive enterprises of the Nation.

The Federal reserve banks last year made a profit of about 100 per cent of their capital; but this in no way measures the added expense on the cost of living, because the high rate of interest charged by the Federal reserve banks is reflected upon loans and discounts of other banks running into the billions, since it affects the interest rates in all parts of the country.

I regard this matter as a matter of national importance, and I would not feel that I had discharged my duty to the country if I had failed to call your attention to it in these explicit terms.

Yours very respectfully,

ROBERT L. OWEN.

EXHIBIT B.

UNITED STATES SENATE,

April 27, 1920.

Hon. W. P. G. HARDING,

Governor Federal Reserve Board, Washington, D. C.

MY DEAR GOVERNOR: I have been intending to call to see you and beg of you and of the Federal Reserve Board to consider the injurious effects of raising the interest rates in America in its relation to adding to the high cost of living and in its relation to bearing down the market value of Government bonds.

I have just received a telegram from the president of an important national bank. He explained to me that his bank had bought and underwritten a much larger volume of Government bonds than they would have done normally because of important Government works put up in his city. Thousands of employees who were compelled to buy Government bonds unloaded them on the bank when the war suddenly ended, and he has been unable to sell these bonds on a falling market, and the market is falling because the reserve board has raised the rate of interest and set the example to the banks of the United States and justified them to their own conscience and to their customers in raising the rate approximately 2 per cent throughout the Union. For your consideration I quote the telegram:

Can nothing be done to give Liberty bonds some standing? The Federal reserve bank is pressing us unmercifully to sell what we have, and has served notice that they will rediscount no commercial paper until we do so, and as you know this can only be done in the New York Exchange at panic prices, it makes a serious and very embarrassing situation which might be very far-reaching.

The reserve banks should be cautioned in pressing the banks too far to sell these bonds on a falling market. This particular bank, I invite you to observe, would receive a great injury, and you will be unable to repair it afterwards.

The Federal Reserve Board can not permit itself to be held responsible for the consequences that will ensue if it persists in this policy of raising the interest rates as a remedy for speculation. This remedy is worse than the disease.

This remedy is not necessary because there are other available remedies whose consequences will be harmless. I venture to suggest several:

First. That the banks be advised to require loans for speculative purposes to be gradually reduced;

Second. That the banks be required to demand increased margins on such loans;

Third. That the banks be invited to raise the rate on such speculative loans, and not raise the rates on loans upon which the manufacturer, the commercial, and industrial life of the Nation depend; and

Fourth. That the banks be invited and required to refuse new speculative loans on investment securities.

My dear Governor, the bondholders of the United States have already suffered a loss in the market value of their bonds of over \$2,000,000,000. Bonds which they bought as a patriotic duty; bonds which they bought on borrowed money; bonds which they bought at a sacrifice.

The Government should not through its own agencies destroy the value of these securities by pursuing a policy of raising the

interest rates, and I beg you, and I beg the board through you, to change this policy.

Moreover, my dear Governor, I call your attention to the unpardonable and scandalous practice of the usurious charges current in New York City, where on call loans, the stock-exchange collateral, the rates have been running as high as 30 per cent. I enter my solemn protest against this, and on behalf of the people of my State and the people of the United States I call upon the Federal Reserve Board to put an end to this nefarious practice which sets a false standard to the people of the United States in the matter of interest rates, and which has been used to justify the Federal Reserve Board to raise the rates on the whole country for the avowed purpose of stopping speculation when no such remedy was necessary.

Yours, very respectfully,

ROBERT L. OWEN.

EXHIBIT C.

UNITED STATES SENATE,

May 14, 1920.

Hon. W. P. G. HARDING.

Governor Federal Reserve Board, Washington, D. C.

MY DEAR GOVERNOR: I thank you for your letter of May 3, answering my letter of April 27, in which I urged the Federal Reserve Board to lower the interest rates of the reserve banks as a means of helping to restore Liberty bonds to par.

The Secretary of the Treasury and every agency of the Government, including the reserve banks and the member banks, cooperated in a strenuous drive to induce the American people to buy Liberty bonds. The people were told to buy the bonds until it hurt. They sold their property, they borrowed money, they mortgaged their homes to buy these bonds on the assurance of the Secretary of the Treasury that there was no better security, and they had a right to believe that these bonds would be maintained at par. But, my dear Governor, if you permit these high rates of interest, of which I have justly complained, the inevitable consequence will be that these Government bonds must go still lower than they are now instead of reacting to par.

The violent fluctuating high interest rates on the New York Stock Exchange which go from 8 to 30 per cent, advertised throughout the country in every important paper in the land, together with the high interest rates of the Federal reserve banks to member banks at 6 and 7 per cent, and the consequent higher commercial rates daily advertised in the public press of 8, 9, and 10 per cent, not to mention commissions on the side and discounts, are jointly impairing confidence and creating an atmosphere of suspicion, distrust, and widespread talk of pending industrial depression and industrial panic.

I have insisted that the powers of the Government should be exercised through the office of the Federal Reserve Board, the Federal reserve banks, and the Comptroller of the Currency to remove these causes, which, if persisted in, may cause a serious industrial depression and make Liberty bonds go still lower.

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The claim of the New York Stock Exchange that these high and violently fluctuating interest rates on call loans are necessary for the purpose of preventing speculation is indefensible, because they do not prevent speculation. The professional operator immediately speculates in a bear market, which inevitable must follow these artificial high interest rates. The speculator can afford to pay high interest rates, but legitimate business can not. Moreover, the employment of bank credits for speculation can be prevented by harmless methods: First, by the banks refusing new loans for speculative purposes; second, by requiring gradual liquidation of old loans employed in speculation; and, third, by raising the margin on speculative loans.

The remedies I suggest are harmless to the general public. The remedy employed of high interest rates on call loans running up to 30 per cent is destructive of public confidence and threatens industrial depression.

When the Reserve Board raises the rate to 6 and 7 per cent it has the effect not of stopping the speculator but of stopping legitimate business, and putting the brakes on manufacture, commerce, agriculture, on production and distribution.

You quite misunderstand the point when you speak of my contention that the Liberty bond market recently fell because the Federal Reserve Board raised the rate of interest, which you think is disproved by the fact that the bonds fell in April, 1919, to 95 before the Federal Reserve Board raised the rate of interest. My contention is that the high rates of interest on the stock exchange and the high rates charged by member banks on commercial loans based in part on the high rates of the reserve banks, are all factors producing this result, and when the Reserve Board recently raised the rate these bonds went down much lower than they had been before, and they must go lower still if the board persist in this policy. What I contend is that the Federal Reserve Board in raising these rates, and thus adopting the unwise policy of the stock exchange, is depreciating the market value of all securities, including Government bonds.

I understand the Reserve Board desires to deflate credit by raising the rates of interest. Assuredly raising the rates of interest will deflate credits, even the credits of the United States, of which I complain, but I am anxious the Reserve Board shall only deflate those credits that require deflation and not deflate credits of the Government and of legitimate productive business, which ought not to be deflated.

The United States was compelled to expand its credits, and issued \$26,000,000,000 of war bonds. The war resulted in an increase of \$20,000,000,000 of bank deposits, a total increase of expanded credits of \$46,000,000,000. No substantial part of these credits should be deflated at this time. The only deflation of credit justified is the deflation of credits employed in speculative loans on investment securities, on real estate, and on commodities for hoarding by profiteers.

My dear governor, it seems to me that there is some serious misconception existing in the country with regard to what is inflation and what is not inflation. I am certainly opposed to inflation, but I am strongly in favor of the extension of busi-

ness, increasing production, and improving distribution by extending credits on a stable low-interest rate.

The expansion of credit for such purposes is justified, but, of course, the expansion of credit beyond the available resources, even for the most important of purposes, is not justified. The Bank of England, conducted by the wisest merchants in the world, has not hesitated to extend credits for productive purposes even when the gold reserve was thereby seriously diminished. As you very well know, they went to a very low gold reserve during the war without ever denying credits to their business men who were engaged in legitimate industry. The London merchants had $3\frac{1}{2}$ per cent acceptance rates all during the war, when the British Government paid 5 per cent.

If the people are frightened by the talk of industrial depression, by high interest rates, it has the effect of preventing production and putting the brakes on manufacture and on our entire industrial life.

I do not agree with Secretary Leffingwell that the present depression in Liberty bonds is due to the owners of Liberty bonds spending the bonds recklessly as spendthrifts. People who bought Liberty bonds do not deserve such a classification, although, of course, some individuals out of a very great number are spendthrifts. But the spendthrift quickly parts with his bonds to other people. The spendthrift theory does not explain the terrible depreciation.

If money was cheap and credits were available at low rates, it is perfectly obvious that these bonds would go to par, and just in degree that the banks of the country raise the rates to very high artificial figures to that degree the Liberty bonds and Victory bonds will assuredly fall in market value.

You advise me that the Liberty bonds "can not be brought back to par by artificial methods." They can be depressed by universal high rates of interest artificially fixed by the banks, and that is precisely what has happened and to which I earnestly object.

I do not say that the Federal reserve banks can restore these bonds to par by lending a part of their resources on these bonds at a low figure. What I do say is that the value of these bonds is depressed by the action of the Government in countenancing the scandalous interest rates on the New York Stock Exchange, the unreasonable interest rates by the member banks of the country, and the unfair interest rates by the reserve banks to the member banks.

You very justly say, my dear governor:

"There is a world-wide demand for capital, and the demand for bank credit in this country in agricultural, commercial, and industrial purposes is heavier than has ever been known before; investment demands for new construction, for the maintenance and equipment of railroads, and for the financing of our foreign trade are very great."

Are these just demands to be met by denying the credits, or are they to be repressed by raising the rates to prohibitive points, and thus retard enterprise and production, the employment of labor and capital in creating commodities?

You say the reserve banks would have been "overwhelmed with applications for loans" on Government securities if the

reserve banks had continued to offer a low discount rate on paper secured by Government obligation.

I am not advocating the reserve banks lending beyond their resources at any rates or on any securities. I am protesting against the reserve banks setting a bad example to the country by raising the rates of interest on legitimate business engaged in production and distribution. I am objecting, my dear governor, to the reserve board taking advantage of this condition and raising these rates merely because the demand is urgent, when the proper function of the Federal reserve bank is to stabilize the interest rate, keep it at a reasonably low figure, and set a wise and just example to the member banks.

The member banks pay from 2 to 4 per cent for deposits and normally let their money out at from 5 to 7 per cent, with a margin of about 3 per cent. The reserve banks pay no interest on deposits, and 3 per cent is a rate high enough to enable them to make all the money they are entitled to make out of the public. On a 4 per cent rate the Federal Reserve Bank of New York last year made 110 per cent, and I suppose on a 6 and 7 per cent rate they will make this year about 160 per cent. This is precisely what I am objecting to. The Federal reserve banks should not be put in the attitude of profiteering or of setting the example of profiteering to member banks. The powers of the Government are not being properly exerted to stop the scandalous rates of interest on the New York Stock Exchange.

I was advised that six months ago the New York banks had nineteen hundred million dollars loaned on investment securities and the commerce of the country was suffering for credit. I believe, with the board, that these credits on investment securities and speculative loans should be diverted, as far as practicable, to productive purposes, but to raise the rates to 6 and 7 per cent upon all banks alike does not accomplish this end. It merely penalizes all business of every kind and character, regardless of whether they are using their credits for speculative or productive purposes.

What I earnestly desire to call to the attention of the board is that credits ought to be extended at a low rate to the extent of the capacity of the reserve banks for productive purposes; that member banks should be urged to do the same thing, and that the powers of the Government should be exerted against the excessive, violently fluctuating rates on the New York Stock Exchange.

Hoping that the suggestions which I have the honor to make may be of some service to the deliberations of the board and to the country, I remain,

Very respectfully, yours,

ROBT. L. OWEN.

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CLEMENCEAU AND FRENCH POLICY

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

NOVEMBER 27, 1922



WASHINGTON
GOVERNMENT PRINTING OFFICE

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CLEMENCEAU AND FRENCH POLICY

SPEECH

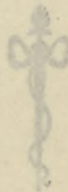
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SPEECH
OF
HON. ROBERT L. OWEN.

CLEMENCEAU AND FRENCH POLICY.

Mr. OWEN. Mr. President, M. Clemenceau is a greatly honored former Premier of France. He comes evidently with the approval of the French Government and with world-wide publicity announcing his coming. He has arrived in New York and been received with great cordiality by citizens of the United States on a mission of importance.

He comes making an appeal to America. He thinks we left Europe without sufficient cause and that we left too soon. He desires the American Government, with the backing of the American people, to take part in restoring distracted Europe, and says that he does not know what he wants us to do, but he wants our help, and he wants it at once, and he thinks we may have an armchair at Lausanne if we ask for a seat at that conference.

It seems worth while to submit an observation upon this visit of M. Clemenceau and to call his attention and the attention of the French people and of the people of Europe to what I believe to be the principal causes of the present disturbed condition of Europe and the only practical remedies by which their prosperity can be promptly restored.

The visit of M. Clemenceau may be of great value if it shall lead to the discussion of these matters frankly, honestly, and fearlessly.

We keenly and deeply sympathize with the French people, with their great sufferings. We have deplored the wanton invasion of France by the German military dynasty in 1871 and the more cruel invasion by the same forces in 1914.

We know how cruelly they have suffered from the German invasion. We have walked over many places in the devastated areas. We have seen the ruined cities and villages and are very sympathetic with them in promoting their future security, peace, and prosperity, and if mistakes in judgment are made by leaders of French opinion it should be remembered that similar mistakes are made by other leaders of all the nations of the earth and that such mistakes should be considered with patience and moderation. The French people, like the people of other nations, should not be made responsible for the error of their leadership if there be error, as we think there has been, and Clemenceau's visit will help to clear the atmosphere because now we can discuss these questions more serenely than when the differences occurred.

We make a wide distinction between the German people and the military dynasty which governed the German people regardless of the consent of the governed. We do not mean by this that there was any open revolt of the German people against this overwhelming, dominating governing power, because there was little or none, but we can not help but think of the utterly helpless attitude of the young men of Germany when they were called to the colors by the order of mobilization of Wilhelm II.

A young German had his option of responding to this call promptly, efficiently, faithfully, or facing a German court-martial and a firing squad. A German boy had no option except to come, and when he came he had his choice of coming singing or weeping. He chose to sing and to come and do his utmost to win a victory under the German flag which he had been taught to love and to revere as the badge of a happy, honorable fatherland. He answered the voice of patriotism; he followed the only leadership he knew, and with infinite pathos went to his young death. Seven millions of the German youth fell in battle, and the Imperial Government finally met with a crushing defeat at the hands of those who loved justice and liberty throughout the world.

With the young soldiers of other lands—of France, of Britain, of Italy—it was the same. The Fatherland called; they came, they fought, they died for what they believed to be their duty to Fatherland.

Clemenceau senses correctly that American opinion has been slowly growing to be unsympathetic with the leadership of France. There is a profound cause for it which ought to be explained to the French people. For this reason these observations are submitted to the public records in order that French leaders may realize why the United States has withdrawn from Europe and does not wish to return until the European leaders exhibit a heartfelt respect for the opinions of America.

The American opinion was expressed in the address of the President of the United States of April 2, 1917, when he advised the Congress of the United States that the time had arrived to enter the World War. This address to the Congress of the United States was the culmination of German aggression and of conferences which had taken place between the representatives of the Entente Allies and the authorities of the United States and the principles for which we entered this war were then acquiesced in and applauded by the leaders of the Entente Allies and they are bound morally and ethically and under the principle of right to support these doctrines upon which we entered the war in cooperation with them, they declaring at the same time that they were moved by the same principles.

What were these principles, Mr. President? Woodrow Wilson stated them in his message of April 2, 1917, when he said (CONGRESSIONAL RECORD, vol. 55, p. 103):

Our object now, as then, is to vindicate the principles of peace and justice in the life of the world as against selfishness and autocratic power and to set up amongst the really free and self-governing people of the world such a concert of purpose and of action as will henceforth assure the observance of these principles * * *

We are at the beginning of an age in which it will be insisted that the same standards of conduct and of responsibility for wrong done shall be observed among nations and their governments that are observed among the individual citizens of several states.

We have no quarrel with the German people. We have no feeling toward them but one of sympathy and friendship. It was not upon their impulse that their Government acted in entering this war. It was not with their previous knowledge or approval. It was a war determined upon as wars used to be determined upon in the old, unhappy days when peoples were nowhere considered by their rulers and wars were provoked and waged in the interest of dynasties or of little groups of ambitious men who were accustomed to use their fellow men as pawns and tools.

Woodrow Wilson pointed out the impossibility of friendship with the Prussian autocracy, its secret methods, its spies, its intrigues, its ambitious and greedy purposes, and he said:

We are accepting this challenge of hostile purpose because we know that in such a Government, following such methods, we can never have a friend; and that in the presence of its organized power, always lying in wait to accomplish we know not what purpose, there can be no assured security for the democratic governments of the world. We are now about to accept gauge of battle with this natural foe to liberty and shall, if necessary, spend the whole force of the Nation to check and nullify its pretensions and its power. We are glad now that we see the facts with no veil of false pretense about them, to fight thus for the ultimate peace of the world and for the liberation of its peoples, the German peoples included; for the rights of nations, great and small, and the privilege of men everywhere to choose their way of life and of obedience. The world must be made safe for democracy. Its peace must be planted upon the tested foundations of political liberty. We have no selfish ends to serve. We desire no conquests, no dominion. We seek no indemnities for ourselves, no material compensation for the sacrifices we shall freely make. We are but one of the champions of the rights of mankind. We shall be satisfied when those rights have been made as secure as the faith and the freedom of nations can make them.

We spent \$40,000,000,000 and we asked no indemnities whatever. We asked no territory. We lost tens of thousands of our best beloved youth to establish these principles, and we only asked justice for all peoples, Germans as well as French, Turks as well as British. We have been disappointed.

We are not content to see them disregarded by the Entente Allies in any respect. We had a right and we have a right now to expect and to demand recognition of these broad principles of justice as a condition of the further cooperation which Clemenceau now desires.

There should never be forgotten the conditions upon which the armistice of November 11, 1918, was sought and obtained. These conditions represented the views of the Government of the United States, voiced by the President of the United States, not only with the approval of the American people and of Congress but approved by the British Government and the French Government and the Entente Allies. These conditions were transmitted to the German Government and the German people through the Swiss minister by Robert Lansing, the Secretary of State of the United States, on the 5th of November, 1918, which I ask to have printed in the RECORD in 8-point type.

There being no objection, the matter was ordered to be printed in the RECORD in 8-point type, as follows:

"SIR: I have the honor to request you to transmit the following communication to the German Government:

"In my note of October 23, 1918, I advised you that the President had transmitted his correspondence with the German authorities to the Governments with which the Government of the United States is associated as a belligerent, with the suggestion that, if those Governments were disposed to effect peace

upon the terms and principles indicated, their military advisers and the military advisers of the United States be asked to submit to the Governments associated against Germany the necessary terms of such armistice as would fully protect the interests of the peoples involved and insure to the associated Governments the unrestricted power to safeguard and enforce the details of the peace to which the German Government had agreed, provided they deemed such an armistice possible from the military point of view.

"The President is now in receipt of a memorandum of observations by the allied Governments on this correspondence, which is as follows:

"The allied Governments have given careful consideration to the correspondence which has passed between the President of the United States and the German Government. Subject to the qualifications which follow, they declare their willingness to make peace with the Government of Germany on the terms of peace laid down in the President's address to Congress of January, 1918, and the principles of settlement enunciated in his subsequent addresses. They must point out, however, that clause 2, relating to what is usually described as the freedom of the seas, is open to various interpretations, some of which they could not accept. They must, therefore, reserve to themselves complete freedom on this subject when they enter the peace conference.

"Further, in the conditions of peace laid down in his address to Congress of January 8, 1918, the President declared that invaded territories must be restored as well as evacuated and freed, and the allied Governments feel that no doubt ought to be allowed to exist as to what this provision implies. By it they understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and their property by the aggression of Germany by land, by sea, and from the air."

Mr. OWEN. The allied governments gave careful consideration to this correspondence between the President and the German Government, and they declared to the President of the United States that they were willing to make peace with the Government of Germany on the terms of the peace laid down in the President's address to Congress of January 8, 1918, and the principles of settlement enunciated in his subsequent addresses. Some of the 14 points and principles they did carry out, but in many instances and in details they failed to carry them out and pursued a contrary policy, a policy calculated to injure the German people commercially and financially, and violated the agreement to permit Germany to have "a place of equality among the peoples of the world."

It was this address of the President of the United States of January 8, 1918, and the 14 points which appealed to the German people as people, and we took infinite pains to have this address of the President of the United States scattered by airplanes behind the German lines and to give for it publicity among the German people, and these German people had a right to rely, not only upon the good faith of the United States Government and the good faith of the people of the United States, but they had a right to rely upon the good faith of the

Governments of the Entente Allies and of the people of the Entente Allies to carry out the principles upon which the armistice was based.

The German Government and the German people accepted these conditions and laid down their arms. It became a binding contract of honor made upon the battle field, binding France and the Entente Allies and Germany alike. A failure to carry out the terms of the contract has been followed by evil consequence.

The President's address to Congress of January 8 is of such importance in construing this agreement on the part of the United States and the Entente Allies with the German Government that I think it is proper to present it again, and I ask to have it printed in the RECORD in 8-point type.

There being no objection, the matter was ordered to be printed in the RECORD in 8-point type, as follows:

PRESIDENT WILSON'S ADDRESS TO CONGRESS JANUARY 8, 1918.

"Gentlemen of the Congress, once more, as repeatedly before, the spokesmen of the Central Empires have indicated their desire to discuss the objects of the war and the possible bases of a general peace. Parleys have been in progress at Brest-Litovsk between Russian representatives and representatives of the Central Powers, to which the attention of all the belligerents has been invited for the purpose of ascertaining whether it may be possible to extend these parleys into a general conference with regard to terms of peace and settlement. The Russian representatives presented not only a perfectly definite statement of the principles upon which they would be willing to conclude peace, but also an equally definite program of the concrete application of those principles. The representatives of the Central Powers, on their part, presented an outline of settlement which, if much less definite, seemed susceptible of liberal interpretation until their specific program of practical terms was added. That program proposed no concessions at all, either to the sovereignty of Russia or to the preferences of the populations with whose fortunes it dealt, but meant, in a word, that the Central Empires were to keep every foot of territory their armed forces had occupied—every Province, every city, every point of vantage—as a permanent addition to their territories and their power. It is a reasonable conjecture that the general principles of settlement which they at first suggested originated with the more liberal statesmen of Germany and Austria, the men who have begun to feel the force of their own peoples' thought and purpose, while the concrete terms of actual settlement came from the military leaders, who have no thought but to keep what they have got. The negotiations have been broken off. The Russian representatives were sincere and in earnest. They can not entertain such proposals of conquest and domination.

"The whole incident is full of significance. It is also full of perplexity. With whom are the Russian representatives dealing? For whom are the representatives of the Central Empires speaking? Are they speaking for the majorities of their respective parliaments or for the minority parties, that military and imperialistic minority which has so far dominated their

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whole policy and controlled the affairs of Turkey and of the Balkan States which have felt obliged to become their associates in the war? The Russian representatives have insisted, very justly, very wisely, and in the true spirit of modern democracy, that the conferences they have been holding with the Teutonic and Turkish statesmen should be held within open, not closed, doors, and all the world has been audience, as was desired. To whom have we been listening, then? To those who speak the spirit and intention of the resolutions of the German Reichstag of the 9th of July last, the spirit and intention of the liberal leaders and parties of Germany, or to those who resist and defy that spirit and intention and insist upon conquest and subjugation? Or are we listening, in fact, to both, unreconciled and in open and hopeless contradiction? These are very serious and pregnant questions. Upon the answer to them depends the peace of the world.

"But, whatever the results of the parleys at Brest-Litovsk, whatever the confusions of counsel and of purpose in the utterances of the spokesmen of the Central Empires, they have again attempted to acquaint the world with their objects in the war and have again challenged their adversaries to say what their objects are and what sort of settlement they would deem just and satisfactory. There is no good reason why that challenge should not be responded to, and responded to with the utmost candor. We did not wait for it. Not once, but again and again, we have laid our whole thought and purpose before the world, not in general terms only, but each time with sufficient definition to make it clear what sort of definitive terms of settlement must necessarily spring out of them. Within the last week Mr. Lloyd-George has spoken with admirable candor and in admirable spirit for the people and Government of Great Britain. There is no confusion of counsel among the adversaries of the Central Powers, no uncertainty of principle, no vagueness of detail. The only secrecy of counsel, the only lack of fearless frankness, the only failure to make definite statement of the objects of the war, lies with Germany and her allies. The issues of life and death hang upon these definitions. No statesman who has the least conception of his responsibility ought for a moment to permit himself to continue this tragical and appalling outpouring of blood and treasure unless he is sure beyond a peradventure that the objects of the vital sacrifice are part and parcel of the very life of society, and that the people for whom he speaks think them right and imperative as he does.

"There is, moreover, a voice calling for these definitions of principle and of purpose which is, it seems to me, more thrilling and more compelling than any of the many moving voices with which the troubled air of the world is filled. It is the voice of the Russian people. They are prostrate and all but helpless, it would seem, before the grim power of Germany, which has hitherto known no relenting and no pity. Their power, apparently, is shattered. And yet their soul is not subservient. They will not yield either in principle or in action. Their conception of what is right, of what it is humane and honorable for them to accept, has been stated with a frankness, a largeness of view, a generosity of spirit, and a universal human sympathy

which must challenge the admiration of every friend of mankind; and they have refused to compound their ideals with others that they themselves may be safe. They call to us to say what it is that we desire, in what, if in anything, our purpose and our spirit differ from theirs; and I believe that the people of the United States would wish me to respond with utter simplicity and frankness. Whether their present leaders believe it or not, it is our heartfelt desire and hope that some way may be opened whereby we may be privileged to assist the people of Russia to attain their utmost hope of liberty and ordered peace.

"It will be our wish and purpose that the processes of peace, when they are begun, shall be absolutely open and that they shall involve and permit henceforth no secret understandings of any kind. The day of conquest and aggrandizement is gone by; so is also the day of secret covenants entered into in the interest of particular governments and likely at some unlooked-for moment to upset the peace of the world. It is this happy fact, now clear to the view of every public man whose thoughts do not still linger in an age that is dead and gone, which makes it possible for every nation whose purposes are consistent with justice and the peace of the world to avow now or at any other time the objects it has in view.

"We entered this war because violations of right had occurred which touched us to the quick and made the life of our own people impossible unless they were corrected and the world secured once for all against their recurrence. What we demand in this war, therefore, is nothing peculiar to ourselves. It is that the world be made fit and safe to live in; and particularly that it be made safe for every peace-loving nation which, like our own, wishes to live its own life, determine its own institutions, be assured of justice and fair dealing by the other peoples of the world as against force and selfish aggression. All the peoples of the world are in effect partners in this interest, and for our own part we see very clearly that unless justice be done to others it will not be done to us. The program of the world's peace, therefore, is our program; and that program, the only possible program, as we see it, is this:

"I. Open covenants of peace, openly arrived at, after which there shall be no private international understandings of any kind, but diplomacy shall proceed always frankly and in the public view.

"II. Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

"III. The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

"IV. Adequate guaranties given and taken that national armaments will be reduced to the lowest point consistent with domestic needs.

"V. A free, open-minded, and absolutely impartial adjustment of all colonial claims, based upon a strict observance of the principle that in determining all such questions of sov-

ereignty the interests of the populations concerned must have equal weight with the equitable claims of the Government whose title is to be determined.

"VI. The evacuation of all Russian territory and such a settlement of all questions affecting Russia as will secure the best and freest cooperation of the other nations of the world in obtaining for her an unhampered and unembarrassed opportunity for the independent determination of her own political development and national policy and assure her of a sincere welcome into the society of free nations under institutions of her own choosing; and, more than a welcome, assistance also of every kind that she may need and may herself desire. The treatment accorded Russia by her sister nations in the months to come will be the acid test of their good will, of their comprehension of her needs as distinguished from their own interests, and of their intelligent and unselfish sympathy.

"VII. Belgium, the whole world will agree, must be evacuated and restored, without any attempt to limit the sovereignty which she enjoys in common with all other free nations. No other single act will serve as this will serve to restore confidence among the nations in the laws which they have themselves set and determined for the government of their relations with one another. Without this healing act the whole structure and validity of international law is forever impaired.

"VIII. All French territory should be freed and the invaded portions restored, and the wrong done to France by Prussia in 1871 in the matter of Alsace-Lorraine, which has unsettled the peace of the world for nearly 50 years, should be righted, in order that peace may once more be made secure in the interest of all.

"IX. A readjustment of the frontiers of Italy should be effected along clearly recognizable lines of nationality.

"X. The peoples of Austria-Hungary, whose place among the nations we wish to see safeguarded and assured, should be accorded the freest opportunity of autonomous development.

"XI. Rumania, Serbia, and Montenegro should be evacuated; occupied territories restored; Serbia accorded free and secure access to the sea; and the relations of the several Balkan states to one another determined by friendly counsel along historically established lines of allegiance and nationality; and international guaranties of the political and economic independence and territorial integrity of the several Balkan states should be entered into.

"XII. The Turkish portions of the present Ottoman Empire should be assured a secure sovereignty, but the other nationalities which are now under Turkish rule should be assured an undoubted security of life and an absolutely unmolested opportunity of autonomous development, and the Dardanelles should be permanently opened as a free passage to the ships and commerce of all nations under international guaranties.

"XIII. An independent Polish State should be erected which should include the territories inhabited by indisputably Polish populations, which should be assured a free and secure access to the sea, and whose political and economic independence and territorial integrity should be guaranteed by international covenant.

"XIV. A general association of nations must be formed under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small States alike.

"In regard to these essential rectifications of wrong and assertions of right we feel ourselves to be intimate partners of all the governments and peoples associated together against the imperialists. We can not be separate in interest or divided in purpose. We stand together until the end.

"For such arrangements and covenants we are willing to fight and to continue to fight until they are achieved; but only because we wish the right to prevail and desire a just and stable peace such as can be secured only by removing the chief provocations to war, which this program does remove. We have no jealousy of German greatness, and there is nothing in this program that impairs it. We grudge her no achievement or distinction of learning or of pacific enterprise such as have made her record very bright and very enviable. We do not wish to injure her or to block in any way her legitimate influence or power. We do not wish to fight her either with arms or with hostile arrangements of trade if she is willing to associate herself with us and the other peace-loving nations of the world in covenants of justice and law and fair dealing. We wish her only to accept a place of equality among the peoples of the world—the new world in which we now live—instead of a place of mastery.

"Neither do we presume to suggest to her any alteration or modification of her institutions. But it is necessary, we must frankly say, and necessary as a preliminary to any intelligent dealings with her on our part, that we should know whom her spokesmen speak for when they speak to us, whether for the Reichstag majority or for the military party and the men whose creed is imperial domination.

"We have spoken now, surely, in terms too concrete to admit of any further doubt or question. An evident principle runs through the whole program I have outlined. It is the principle of justice to all peoples and nationalities, and their right to live on equal terms of liberty and safety with one another, whether they be strong or weak. Unless this principle be made its foundation, no part of the structure of international justice can stand. The people of the United States could act upon no other principle; and to the vindication of this principle they are ready to devote their lives, their honor, and everything that they possess. The moral climax of this the culminating and final war for human liberty has come, and they are ready to put their own strength, their own highest purpose, their own integrity and devotion to the test."

Mr. OWEN. By every principle of common honesty the United States and the Entente Allies were bound by the 14 points, which were not carried out in good faith. Clemenceau himself was quoted as deriding the 14 points after the fruits of this gigantic declaration of principle had been obtained through the armistice and the German Government had surrendered and was disarmed.

After the Germans were disarmed, Clemenceau was quoted in the public press as saying that "Moses only laid down Ten Com-

mandments and Woodrow Wilson laid down 14 commandments." How witty and merry. How thoughtless and destructive. Moses led the Children of Israel out of the wilderness with the Ten Commandments, and the American people would have led the children of Europe out of the wilderness with the 14 points if leaders like Clemenceau, Lloyd-George, and others had, in perfect good faith, carried out these principles and covenants on which the surrender of the Germans was obtained.

But the Entente leaders have not carried them out. They wrote a treaty of victory and imposed conditions some of which are now believed to be impossible of fulfillment, and others which contain the seeds of future war and which were and are in flat violation of various of these pledges of the 14 points.

It is not necessary to regard Clemenceau and Lloyd-George as being willfully unfaithful because of this breach of faith in carrying out the 14 points. They are merely human beings, with human frailty, controlled by their environment, representing the leaders behind them and voicing the language of the old diplomacy of Europe, the diplomacy of strategic boundaries, of brute force, and of commercial advantages on land and sea. Blind leaders of the blind, piling up disaster and war from their failure to recognize the fundamental principles of justice between nations, every one of whom is equally entitled to life, liberty, the pursuit of happiness, the right to manage its own affairs in its own way, and the right to international understanding and good will and the means to make these rights effective.

We have no sympathy with the abuse of the German people, the Russian people, the Turkish people by Clemenceau any more than of the British or French people by the Germans.

The 14 points represented the new order of reliance on justice and international good will rather than the old order, a reliance alone upon brute force.

The group behind Clemenceau put their faith in brute force, and therefore at Paris and Versailles they carried on a vigorous, strenuous campaign for the purpose of building up material forces which would strengthen France and weaken Germany, regardless of the principles of justice, in carrying out the 14 points to which they were so solemnly pledged.

Against these gigantic forces of self-interest moving the leadership of the Entente Allies in so large a measure Woodrow Wilson stood isolated and alone at Paris, the most pathetic, the most tragic figure the world has ever seen in the most gigantic crisis of all time. Woodrow Wilson went as the advocate of principles of international good will and understanding and justice and righteousness and self-government among men. He not only had to meet these great forces of the old order at Paris and Versailles, but even in this gigantic struggle in which he was engaged—and which has been so graphically portrayed by Ray Stannard Baker in his recent volumes of Woodrow Wilson and the World Settlement—Woodrow Wilson failed to receive the support from his own country which might have made it possible for him to have fully established the new order in writing this treaty. His failure was not due to his lack of effort, for his efforts brought him even at Paris to the point of physical collapse. At Paris his hands were weakened by attacks from America.

In order to hold up the hands of the President in his great struggle for justice on earth I offered the following Senate Concurrent Resolution No. 17, which, without reading, I ask to have printed in the RECORD in 8-point type as an appendix.

The VICE PRESIDENT. Without objection, it is so ordered.
(See Appendix.)

Mr. OWEN. The Senate and the House of Representatives acquiesced in the address of the President of January 8, 1918, with "prolonged applause."

Clemenceau and Lloyd-George and the Entente leadership wrote the treaty of Versailles, ignoring some of the important principles of the 14 points. They broke faith with the world and occupy in America the attitude now of asking America to come to Europe again to relieve them of the results of their own unwise conduct.

What do they want of America? We have a right to know.

Clemenceau and Lloyd-George wrote the treaty of Versailles in such form and of such substance that it did not secure ratification by the Senate of the United States. The concessions which they wrongfully extorted from Woodrow Wilson brought on a violent attack on the treaty itself in America, and American leaders asked themselves, Are we to pledge the powers of America to carry out this treaty of greed and fear and force framed in contravention of the 14 points, in contravention of the principles in which America believes? Are we to be made the instruments by which the wrongs done the conquered peoples shall be made permanent and effective?

No, Mr. President; Clemenceau, or rather the powers behind Clemenceau, have made a bed of thorns for themselves, and the end is not yet.

Mr. President, we are more than anxious that America and the American people, both for their own sakes and for the sake of the people of Europe, should do everything in their power to restore the European people to a condition of perfect peace and happiness, but America can not make wrong right. America can not be of great service to Europe until the statesmen of Europe are willing to recognize the fundamental principles upon which the peace and welfare of the people of the world must be founded. The evil consequences which have been brought upon Europe are largely due to the obsession of fear of the French people which was used by the French leaders to build up a program of French security by force and intrigue as against the program of Woodrow Wilson—of international justice and good will and the mutual guaranties of the covenant of the League of Nations.

The French policy as opposed to the 14 points may be briefly summarized as follows:

- (1) French military control of the Rhine.
- (2) A permanent alliance of the great powers to help France to hold it.
- (3) A group of smaller allies to menace Germany from the east.
- (4) Territorial revision of the German Empire.
- (5) Crippling of the German political organization.
- (6) Disarmament of Germany but not of the Allies.
- (7) A crushing indemnity.

(8) Deprivation of economic resources.

(9) A set of commercial agreements preferential to France, prejudicial to Germany.

(10) Germany not allowed to enter the League of Nations.

(11) Cutting off German markets, and so forth.

The French people undoubtedly have been profoundly affected by a fear of future German aggression, and they are proposing to make sure their future defense by breaking Germany down by the above program, by going heavily armed, and by promoting the same spirit and policy in Poland, Rumania, Greece, Belgium, and so forth. The British and the French have been regarded as the real force behind the Greek-Turk war.

They have failed to carry out the treaty entered into at Washington between the nations to reduce competitive naval armaments. The French leadership is slowly isolating from the French Government the sympathy of the world in spite of the fact that the American people have felt a great and sentimental friendship for the people of France. A wide distinction must always be made between the people of a country and the governing forces of a country. France is pursuing a policy which threatens Europe with war or Bolshevism, or both, and the sooner the French statesmen realize the error of this shortsighted policy, the better it will be for the world, and the better it will be for the happiness and prosperity of the French people.

If Europe receives American help it will be upon the basis of absolute international justice, of international understanding of international good will. Perhaps Clemenceau's visit may open the door. I wish this venerable statesman a welcome to America, and hope his visit will be pleasant and agreeable and that it may be useful in leading to a better understanding between the people of America and the people of France. America is not going to support a policy of greed and brute force and injustice between nations. America is going to stand for the new order upon the face of God's footstool. Clemenceau is believed in America to have extorted much from Woodrow Wilson in the treaty of Versailles in exchange for the League of Nations, but he has not made the American people agree to the extortions, although because of the covenant of the League of Nations a large body of American opinion was willing to give support to the treaty of peace, believing, as Woodrow Wilson seemed to believe, that the principles of the covenant would in time correct the unjust features which had been written into the treaty, as they did do in regard to Shantung and naval armaments.

Mr. President, every human being, I suppose, is a product of his training and environment and it is easier for an American—living in the United States, where 48 sovereign States live side by side in peace and happiness under a just and generous Government, a Government of the people, by the people, and for the people—to see the value of such forces as are at work in America than it is for Clemenceau or the French leaders to believe that peace on earth can be maintained by moral force and that moral force is greater than physical force and that moral force can produce physical force which will be triumphant even in war, and yet if they should reflect upon it they would at last be driven to concede that it was the

moral forces behind the Entente Allies that brought bayonets from the ends of the earth in defense of liberty and justice and actually won the late war. The old order of European diplomacy believed alone in military force, in strategic boundaries, in secret covenants, in intrigue, in balances of power, and so forth, and this doctrine has been so ground into the mind of Clemenceau it is difficult indeed, if not impossible, for him to understand the conquering power of the new forces which are going to govern and make safe the world and which have been written in the covenant of the league under the inspiration, leadership, and sacrifice of Woodrow Wilson, whose name, as time goes on, will rise in greater and greater dignity and honor.

Clemenceau believes in balances of power, in alliances versus alliances. He tells us the hope of the world is France, Great Britain, and the United States versus Germany, Russia, and Turkey.

Not so, my dear Clemenceau. The peace of the world is justice to all nations alike, great and small, and a recognition of the doctrine "Turkey for the Turks, Russia for the Russian, as well as France for the French." Political independence and territorial integrity for every nation. Let Great Britain and France and Greece get out of Turkey and stay out.

Over 50 nations are now members of the League of Nations. The injustices of Versailles should be corrected at once. Germany and Russia should be brought into the league. The United States should enter the league or declare an approval of its principles.

The principles of the 14 points should be written into the Versailles treaty as agreed—and especially disarmament—down to the limit of domestic needs, should be speedily accomplished. The budgets should be balanced. A Federal reserve system of Europe adopted. Gold enough to supply the system should be advanced by the European countries with the aid of \$500,000,000 of American gold. An international conference of business men should be annually assembled with a view to increasing production and distribution of commodities and teaching men of all nations to know and trust each other. The economic barriers should be removed between nations.

You can not hate a man you really know and who really knows you.

The need of the world is mutual understanding, mutual faith, and good will. It will lead to peace and to prosperity of all men. The doctrine of Christ is the true doctrine. "Thou shalt love thy neighbor as thyself." If dear Clemenceau could teach his people to turn their backs on fear and hate, even the Germans would respond to these sentiments and America could then do much to help Europe.

Mr. President, one of the most remarkable appeals for peace has come with the signatures of the representatives of the organization of European War Veterans after their participation in the last annual convention of the American Legion. Among these resolutions are the following:

That all international agreements among Governments affecting the entire people shall be open and above board, with full publicity.

To oppose territorial aggrandizement.

That an international court be established to outlaw war.

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To proceed as rapidly as conditions permit, and when the decrees of such courts become operative entirely disarm and disband armies and their forces and destroy the implements of warfare.

The organizations of the soldiers of the late World War can do more to teach sanity to public leaders than, perhaps, any other force, and I rejoice in these resolutions. They reflect the principles of the 14 points, and go further to outlaw war.

There should be international treaties by which the invasion of the territory of another country should be denounced as an international high crime, punishable with death for the leaders guilty of it, and the world ought to inflict this penalty and teach by personal penalties stupid officials who bring about war that they are responsible for the death of the men whom they lead into aggressive, wrongful war, and they should suffer the penalty of death as a righteous judgment.

The time has come for the new order, and if Clemenceau really represents the better sentiment in France in saying, "Let us be good and let us be free," the American opinion might support America participating in the councils of Europe for the reconstruction of Europe—but when Clemenceau talks about "Turkish barbarism, German revenge, and Russian anarchy" as the problems he wishes America to help him to solve by an alliance with Great Britain and France to stop the menace of a Moslem war, the reply of America will be unsympathetic. We are not astonished nor shocked at the Turks driving the aggressive Greeks out of their country. We are in favor of Turkey for the Turks, of Russia for the Russians, of Germany for the Germans, and of France for the French, and opposed to any one of them invading the territory or the rights of any other. We are in favor of the principles of the league and the 14 points, which are binding on Clemenceau and on the French leadership, and until they recognize these principles they will have great difficulty in conciliating American opinion.

Mr. President, we believe that the people of Europe are deeply desirous of peace. It is the leadership of Europe that does not seem to understand the conditions upon which peace may be obtained. They are pursuing policies which are stirring up hate. If Clemenceau's visit to this country can make that perfectly clear to the leadership of Europe, if they will be advised from what Clemenceau is able to learn in the United States with regard to the true principles of government which should obtain between nations, his visit will not have been in vain. We hope his visit will accomplish that result.

APPENDIX.

Senate Concurrent Resolution 17, submitted by Senator OWEN January 28, 1918.

Resolved by the Senate (the House of Representatives concurring), The United States declared a state of war existing between the Imperial Government of Germany and the Imperial and Royal Government of Austria and the United States because of their repeated willful violations of the rights of the people of the United States under the acknowledged principles of international law; the sinking of unarmed merchant vessels and of hospital and Red Cross ships; the destruction of the lives of unoffending American citizens on their lawful business on the

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high seas on many occasions; filling the United States with spies and secret agents; conspiring the wholesale destruction of American industries by arson, by explosions, and murder; systematically promoting sedition and treason among our citizens, and the criminal violation of our laws by the German and Austrian aliens residing in the United States; endeavoring to incite the hostility and aversion of other nations against the United States, and to persuade Mexico and Japan to make war upon the United States, and many other wrongful acts contrary to the laws of nations and in violation of justice and of humanity; and for the further reason that it had finally become known to the United States from indisputable evidence that the military masters of Germany and Austria had deliberately and secretly conspired to bring about an elaborately prepared offensive war by which and through which they intended, first, to dominate Europe, nation by nation, and then to dominate the other unprepared nations of the earth and establish a military world dominion.

For many years past the governing powers of Germany and Austria have by world-wide intrigue carried on a systematic attempt to disorganize public opinion in the United States and in the other nations of the world for the purpose of breaking down the powers of resistance of other nations against this conspiracy for world dominion by exciting nation against nation and internal disorders among the nations that might oppose this sinister design.

The United States has not forgotten that the military rulers of Germany and Austria deliberately prevented international agreements at the various Hague conventions for arbitration of international differences, abatement of armaments, and world peace.

The United States recognizes this was as an offensive war of the completely prepared German and Austrian military autocracies against the unsuspecting and inadequately prepared democracies of the world in pursuance of the policy laid down in the first and second articles of the secret treaty of Verona of November 22, 1922, in which the autocratic rulers of Prussia and Austria solemnly pledged their powers to each other to overthrow all "representative" governments on earth, the consummation of which design the Prussian and Austrian autocratic group has steadily and secretly kept in view, and that this war had for its objects the premeditated slaughter and robbery of the innocent peoples of other nations for the sordid and base purposes of annexation, indemnity, robbery, and commercial profit by military force and terrorism and ultimate world dominion.

The United States finally recognized the unavoidable necessity of meeting the forces of this military conspiracy on the battle fields of Europe in order to prevent the military rulers of Germany and Austria succeeding in the first step of mastering Europe as a means to mastering and robbing America.

The United States can not be deceived by those military leaders of Germany and Austria who now, before their own people, pretend to be waging a war of defense and to desire an honorable peace, but whose every act has clearly demonstrated to the whole world that they deliberately planned and are still

persisting in this unspeakably brutal war, with their sinister purposes unchanged, and which they are still attempting to carry out by terrorism, intrigue, and systematic falsehood and deceit at home and abroad.

The United States can not confide in any statement or promise emanating from such a perfidious source until the German and Austrian people in fact and in sober truth can control the conduct of their agents and compel them to observe the rules of morality and good faith.

The United States did not enter this war for material advantage or for any selfish purpose or to gratify either malice or ambition.

The United States will not approve of forcible annexations or mere punitive indemnities, even on the misguided people of Austria or of Germany, but demands the complete evacuation of all territory invaded during the present war by the German and Austrian troops and the restoration and indemnity of Belgium, Serbia, Rumania, and Montenegro.

The United States believes that righting the wrong done to the French people by the Prussian Government in 1871 in the matter of Alsace-Lorraine will remove long-pending grievances due to previous military aggression and will promote future world peace.

The United States believes that a readjustment of the frontiers of Italy should be effected along clearly recognized lines of nationality; that an independent Polish State should be established over territory indisputably occupied by Polish people; that the peoples of Austria-Hungary, of the Balkans, and of the Ottoman Empire should have the right of autonomous development.

The United States will favor recognizing and protecting by an international alliance the territorial integrity of all nations, great and small; the maintenance of the right of unembarrassed self-determination of all nations, and the right of such nations to manage their own affairs by internal self-government; and safeguarding the rights of backward peoples by international agreement.

The United States will favor extending international credits for the restoration of all places made waste by war.

The United States will insist that the oceans and high seas and international waterways and canals shall be open on equal terms to the citizens of all nations; that all nations shall have the untaxed right of access to the sea of their goods in bond, through any intervening territory to the seaports of other nations, with equal access to shipping facilities.

The United States will favor the removal, as far as possible, of all economic barriers and the establishment of equal trade conditions among all the nations of the world consenting to peace and associating themselves for its maintenance, without interfering with the right of any nation to govern its own imports and exports.

The United States will insist that adequate guaranties shall be given and taken to the end that national armaments on land and sea should be reduced to the lowest points consistent with domestic safety.

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The unbounded ambition and deceit of the Prussian military autocrats are again exposed in shameless nakedness before the German and Austrian people, their allies, and the world at large in their present demands of annexation of adjacent Russian territory and other demands contemplating the domination of the Russian and Polish people in flat violation of their own Reichstag's recent pledges against annexation and indemnity.

The United States feels for the Russian people the liveliest sympathy in their great losses in life and property at the hands of the German and Austrian autocrats, as well as their magnificent and glorious struggles in behalf of freedom and democratic world peace.

Having passed through many severe tests and trials in establishing popular government in America, the people of the United States, through their own directly elected representatives, desire to extend to the Russian people the cordial hand of fellowship in their new-found freedom and to assure their democratic brothers in Russia that we earnestly desire to render them, so far as possible, every assistance they may need and which they themselves desire.

The United States will favor an open-minded and absolutely impartial adjustment of all colonial claims based upon a strict observance of the principle that in determining all such questions of sovereignty the interests of the population concerned must have equal weight with the claims of the Governments whose titles are to be determined.

The United States recognizes that a general association of civilized nations must be formed under specific covenants for the purpose of affording mutual guaranties of political independence and territorial integrity to nations, great and small alike, and of maintaining world peace, and believes that under such a system dissatisfied peoples now held under subjection to dominating nations for strategical purposes could be safely given their liberty and autonomy, as the rights of the dominant nation would be made safe by the general association of nations and the subject nation would cease to be a coveted asset against future war.

The United States believes that under such general association of nations it should be a violation of international law and the highest international crime for any nation, on any alleged ground, to invade by military power the territorial limits of another nation, and that the penalty for such invasions should be the immediate international blockade of the invading and offending nation, an embargo on all mail, express, and freight to and from such nation, and the suppression of such invasion by the combined forces of the general association of nations organized for the protection of world peace.

The United States believes that all future international treaties should be made in the open, where all the world may know of the proceedings in the framing of such treaties, and that secret diplomacy and international intrigue should end.

The United States desires to be on friendly terms, political, commercial, and social, with the people of every nation, including those now under the control of the German and Austrian military autocracies, and to restore as speedily as possible these

friendly relations with the German and Austrian people as soon as they organize a Government responsible to the will of the people of Germany and Austria and whenever they shall themselves demonstrate a willingness to deal with the other nations of the world on a basis of equality, justice, and humanity and are willing to abandon the atrocious and detestable doctrine of making war for annexation, indemnity, and profit.

The United States entered this war to protect the rights of its own citizens to life and liberty, to protect its own future, to make the world safe from the future menace of military despotism, dynastic ambitions, or competing armaments, to establish permanent world peace on a basis of international justice, righteousness, and humanity, and, in cooperation with the self-governing belligerent nations, will maintain these principles, whatever the cost, with firmness and resolution until these ends are fully accomplished.

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The United States believes that under such general conditions... The United States believes that all future international treaties should be made in the open, where all the world may know of the proceedings in the framing of such treaties and that secret diplomacy and international intrigues should end... The United States desires to be on friendly terms with Germany, Austria, and the people of every nation, and to restore as speedily as possible these friendly relations...

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THE SEIZURE OF THE RUHR VALLEY
BY FRANCE

SPEECH
OF
HON. ROBERT L. OWEN
OF OKLAHOMA
IN THE
SENATE OF THE UNITED STATES

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SPEECH

OF

HON. ROBERT L. OWEN.

THE SEIZURE OF THE RUHR VALLEY BY FRANCE.

Mr. OWEN. Mr. President, the Versailles treaty, part 7, annex 11, paragraph 18, contains the following words:

The measures which the allied and associated powers shall have the right to take in case of voluntary default by Germany, and which Germany agrees not to regard as acts of war, may include economic and financial prohibitions and reprisals and in general such other measures as the respective Governments may determine to be necessary in the circumstances.

It will be remembered that Rumania invaded Hungary to collect reparations immediately after the armistice and that the Allies, led by France, rebuked Rumania for a violation of the treaty of Versailles, and at a time when M. Loucheur, of France, was then chairman of the Reparation Commission and Mr. Clemenceau was president of the Peace Conference, and that Clemenceau signed the note to Rumania on August 23, 1919, as follows:

The Peace Conference is in receipt of information, the accuracy of which, unfortunately, it seems impossible to question, that Rumanian forces in Hungary are continuing the systematic seizure and removal of Hungarian property.

In view of the recent correspondence between the Peace Conference and the Rumanian Government it is difficult for the allied and associated powers to comprehend such action of the Rumanian Government, except on the hypothesis that the Rumanian Government ignores the accepted principles of reparation.

The Rumanian Government, as a participant in the labors of the Peace Conference and as a signatory of the treaty of peace with Germany, should not, however, be unaware of the care which has been exercised by the allied and associated powers to provide for an orderly scheme of reparation.

If indemnification for damage suffered had been left dependent upon such factors as geographical proximity to enemy assets or upon the result of competition between allied States in possessing themselves of such assets, it would have been inevitable that flagrant injustices and serious discord would result. Accordingly, the treaty with Germany, to which Rumania is a party, consecrates certain fundamental principles of reparation, notably: * * *

(3) A central Reparation Commission is established as an exclusive agency of the allied and associated powers for the collection and distribution of enemy assets by way of reparation. * * *

The acts referred to likewise depart from the agreed principle that the Reparation Commission should act as the exclusive agency of all of the allied and associated powers in the collection of enemy assets by way of reparation.

The further possible consequence of the course of action which Rumania appears to have adopted are so serious and fraught with such danger to the orderly restoration of Europe that the Allies and associated powers would, if necessity arose, feel constrained to adopt a most vigorous course of action to avoid these consequences.

For it is obvious that if the collection of reparation were to be allowed to degenerate into individual and competitive action by the several allied and associated powers, injustice will be done and cupidity will be aroused and, in the confusion of uncoordinated action, the enemy will either evade or be incapacitated from making the maximum of reparation.

The allied and associated powers can not, however, believe that the Government of Rumania would create and force the allied and associated powers to deal with such a danger.

The Peace Conference accordingly awaits from the Government of Rumania an immediate and unequivocal declaration:

(1) That the Government of Rumania recognizes the principle that the assets of enemy States are a common security for all of the allied and associated powers:

(2) That it recognizes the Reparation Commission as the exclusive agency for the collection of enemy assets by way of reparation.

Rumania withdrew from Hungary. Therefore the treaty of Versailles was interpreted by France itself, through its most distinguished representatives, to forbid one of the Allies to take the initiative and attempt to collect reparations on its own initiative and with its own force.

The interpretation by France of the treaty of Versailles in regard to Rumania was a proper and righteous interpretation, but now the French statesmen are contending that paragraph 18, above quoted, of Part VII, of the treaty of Versailles, justifies her invasion of Germany and gives France the right to independent action, although, I understand, that England's chief law officers claim that this is not a righteous interpretation and does not give France a right to invade Germany for the collection of reparations.

Mr. President, the American papers are full of the seizure of the Ruhr Valley, its coal mines, its industries, by France, and the leaders of mankind are full of perplexity at the grave consequences which may ensue by the military invasion of German territory by France.

When the German people were being led by the military dynasty of the Hohenzollern leadership against France the great body of American opinion was keenly sympathetic with France. Then France was being invaded without moral right by military force and brute power. Then there was a contest between monarchy and democracy, between military autocracy and representative government.

Now France is invading Germany with military force, with her former allies standing aghast at the procedure. Now it is no longer a contest between German monarchy and French democracy. It becomes a contest between French leadership and German leadership, severally representing the French and German people, who are assumed to have a truly representative government, and a question arises as to the legal rights of the French leaders to invade Germany and of their moral right to do so. It is obvious that the allies of France and Belgium do not approve this step; that the world does not approve it. The question of legal right under the treaty of Versailles is challenged by men of the highest ability. That may be left as a controverted question. I merely wish to make an observation on the moral right of France to do this and the political wisdom of this procedure.

The French leaders undoubtedly believe that the German leaders are trying to evade the payment of the reparations provided by the treaty of Versailles and have determined that they will not permit it. It seems highly probable the people of Germany, especially those of great wealth, are at heart opposed to paying the reparations to the extent fixed by the Versailles treaty. The French leaders seem determined to use whatever military force is necessary to compel the German people to pay the amount fixed by France in the treaty of Versailles.

The treaty of Versailles was written by the victors and was a dictated treaty and was not written in the light of the 14 points laid down by the President of the United States and accepted by the Allies and by the German leaders as a basis upon which the German authorities agreed to the armistice in behalf of the German people. The 14 points and the speeches of President Woodrow Wilson upon which the Germans agreed to the armistice required the treaty to be based upon strict justice and upon high moral grounds. Therefore, the world has a right to inquire into this matter upon that basis.

The treaty of Versailles is not conclusive under the circumstances. The German people who are to pay the penalties have a moral right to expect that the reparations honorably and justly due to France and Belgium should be fixed at a figure which would be just and fair, and that these figures should be determined by disinterested powers and not dictated by the sword. The brutal conduct of Bismarck in dealing with the French in 1871 was a bad example and does not constitute a moral precedent upon which to determine this matter.

When we come to consider the matter of reparations, I believe all the world will agree that as between the people involved the actual cost of repairing the devastated region of France and Belgium ought to be borne by the German people. The actual cost the Germans can assuredly meet, but the actual cost should be ascertained in a judicial manner, where so earnestly controverted, not by a victor's dictum.

It is impossible for any reparation to be made for the death of the millions of men involved in the struggle.

When we come to consider this matter from a moral and ethical standpoint it may be now seen, after five years from the termination of the conflict, that this devastation of life can not justly or fairly be visited upon the unhappy peoples who were afflicted by it.

The amount of the physical reparations and the payment of these reparations by the German people should be considered in the light of the extent to which the German people were themselves the victims of a structure of government which had been built up through generations of men. The Hohenzollerns claimed to rule by Divine right, and they had control of the military and naval power; they had control of the legislative powers of the people of Germany. It was not a government based upon the consent of the people. It was a government ruling the people without their consent. It was a government controlling the purse of the German people. It was a government controlling the press absolutely, controlling the pulpit, the schools, the forum, every avenue of intelligence and communication, and, in very large measure, the expression of public opinion.

When the Kaiser and his military and naval leaders determined upon war there was no organized public opinion in Germany which had the least power to oppose it. No young German summoned to the colors by the order of mobilization had any option. Every German youth was absolutely compelled to answer the order under penalty of a drumhead court-martial and a firing squad consigning him immediately to an ignominious grave as a traitor to his country, as a traitor to his brothers and kinsmen, as a coward or a rebel, if he failed to come. He had only the option of coming, weeping or singing. He came singing.

Public opinion in Germany was completely enslaved by the Hohenzollern machine. The people did not know the facts. They had presented to them as facts flagrant falsehood. They had overwhelming argument submitted by their leaders which they had no means of answering.

Half of the German people were women, who had no voice whatever in public affairs, or pretended voice. A large part of the German population were minors, with no voice or pretense of voice. Millions of them were in complete infancy, and before the reparations shall have been paid a majority of the German people who pay the reparations will have been brought

into being in this world subsequent to and without any responsibility whatever for the World War and the devastations which were inflicted upon the unhappy people of France and Belgium and upon their allies.

Morally it can not be assumed that the unborn babe is responsible for the World War.

Morally it can not be assumed that the women of Germany and the minors of Germany were responsible for the World War.

The moral responsibility rested upon William II, now living in luxury in Holland, upon Ludendorf, Hindenburg, and the military and naval leaders of Germany.

And the leaders of the world have measurably condoned the moral responsibility of this culpable leadership of Germany and have imposed no penalties upon them for their crimes in leading the German people into this devastating war. Instead they have contented themselves with imposing economic penalties upon the German people, who were already afflicted to death by monarchy, and who are being afflicted by the results of this war almost as much as the people of the Allies. In the great thing, the destruction of life, the maiming of men, the German people have suffered just about the same as the French and Belgians and English and Italians and Americans. The leaders of the Allies have condoned the conduct of the leadership of Germany and they are contenting themselves with economic reparations imposed on the common people of Germany, upon whom always falls most heavily the folly of human leadership.

Mr. President, the people of America have had a great sympathy with France and Belgium in the gigantic wrongs done them, but the people of America desire absolute justice from a moral and ethical standpoint to be done. They desire the peace of the world. They desire that the productive powers of mankind shall be brought to a speedy maximum in order to make possible the economic reparation for the damages of war.

The invasion of Germany by the French military forces will not meet the moral approval of America, first, because they see in this invasion the sowing of dragons' teeth, the building up of a more intense hatred between the German and French people, and the building up of greater hostilities between those who will sympathize with Germany on the one hand and the French and the Belgians on the other, dividing the world again into two vast contending camps, where the ultimate attitude may be another appeal to organized military force.

Second, because the French leadership seems to be indisposed to allow controverted questions as to the amount of the reparations and the means of collecting reparations to be settled by economic methods. They have dictated the amount, the terms, and are collecting or trying to collect by military force, and they will probably break down the productive power of the German people.

If France and Belgium should show a disposition to permit the intermediation of friendly nations on these questions and to invite such mediation before it is too late, there would be an outburst of approval in America of such an attitude.

It will be very deplorable if French leadership should persist in a policy which will alienate the confidence and respect of the world. The rattling of sabers does not appeal to American opinion, and the best friends of the French people in America are deploring a policy which they fear will ultimately do France irreparable injury.

I believe we should, before it is too late, join the other great nations in some plan for guaranteeing France from invasion, under the principles of the League of Nations, but only on the condition that France itself does not invade other countries. I think the German people should have the same guaranty from the world of freedom from invasion and that the world should use economic pressure on the German people to enforce reparations to the extent a world tribunal shall ascertain such reparations are due and payable.

Mr. OWEN. Mr. President, without taking the time of the Senate to read, I will ask to have inserted in the RECORD in 8-point type articles 232, 233, and 234 of Part VIII of the Versailles treaty, which sets forth the plan by which the reparation was to be made.

There being no objection, the matter referred to was ordered to be printed in the RECORD in 8-point type, as follows:

ARTICLE 232.

The allied and associated Governments recognize that the resources of Germany are not adequate, after taking into account permanent diminutions of such resources which will result from other provisions of the present treaty, to make complete reparation for all such loss and damage.

The allied and associated Governments, however, require, and Germany undertakes, that she will make compensation for all damage done to the civilian population of the allied and associated powers and to their property during the period of the belligerency of each as an allied or associated power against Germany by such aggression by land, by sea, and from the air, and in general all damage as defined in Annex I hereto.

In accordance with Germany's pledges, already given, as to complete restoration for Belgium, Germany undertakes, in addition to the compensation for damage elsewhere in this part provided for, as a consequence of the violation of the treaty of 1839, to make reimbursement of all sums which Belgium has borrowed from the allied and associated Governments up to November 11, 1918, together with interest at the rate of 5 per cent per annum on such sums. This amount shall be determined by the Reparation Commission, and the German Government undertakes thereupon forthwith to make a special issue of bearer bonds to an equivalent amount payable in marks gold, on May 1, 1926, or, at the option of the German Government, on the 1st of May in any year up to 1926. Subject to the foregoing, the form of such bonds shall be determined by the Reparation Commission. Such bonds shall be handed over to the Reparation Commission, which has authority to take and acknowledge receipt thereof on behalf of Belgium.

ARTICLE 233.

The amount of the above damage for which compensation is to be made by Germany shall be determined by an interallied commission, to be called the Reparation Commission, and constituted in the form and with the powers set forth hereunder and in Annexes II to VII, inclusive, hereto.

This commission shall consider the claims and give to the German Government a just opportunity to be heard.

The findings of the commission as to the amount of damage defined as above shall be concluded and notified to the German Government on or before May 1, 1921, as representing the extent of that Government's obligations.

The commission shall concurrently draw up a schedule of payments prescribing the time and manner for securing and

discharging the entire obligation within a period of 30 years from May 1, 1921. If, however, within the period mentioned Germany fails to discharge her obligations any balance remaining unpaid may, within the discretion of the commission, be postponed for settlement in subsequent years or may be handled otherwise in such manner as the allied and associated Governments, acting in accordance with the procedure laid down in this part of the present treaty, shall determine.

ARTICLE 234.

The Reparation Commission shall, after May 1, 1921, from time to time consider the resources and capacity of Germany, and after giving her representatives a just opportunity to be heard shall have discretion to extend the date and to modify the form of payments, such as are to be provided for in accordance with article 233, but not to cancel any part, except with the specific authority of the several Governments represented upon the commission.

Mr. OWEN. Mr. President, I wish to take only a moment or two to reply to the suggestions which have been made by the Senator from Pennsylvania [Mr. REED]. That Senator emphasizes the criminal conduct of Germany. I differentiate between the criminal conduct of the military leaders of the Hohenzollern dynasty and the mass of the German people who were the subjects and victims of that organized military and political power. I made that distinction very clearly in what I had to say, but I do not know whether or not the Senator from Pennsylvania was then present.

The Senator from Pennsylvania also emphasizes the great importance of minding our own business. We did not think when the great World War broke out in 1914 that we were concerned in the wrongs then done to Belgium. We made a great mistake. We ought to have protested, instantly Belgium was invaded, the violation of her sovereignty and of her territorial integrity.

When one nation is allowed to be broken down by such conduct all the nations in the world are jeopardized and a policy is pursued which is destined to break down the peace of the world in which we are greatly concerned. It is emphatically "our business." I do not believe in the doctrine of Cain, who, in response to the inquiry, "Where is thy brother?" asked, "Am I my brother's keeper?" Cain assumed no responsibility for his brother Abel's safety. He asserted before God it was "none of his business." I want to tell the Senator from Pennsylvania and tell the Senate that it is "our business" to speak the voice of morality and of justice among men and to say to France in a voice that shall be heard, "Keep out of Germany," and to say to Germany, "Keep out of France." That is the only way we are going to have peace on earth. We can not consent that nations without objection—and with a silence "that gives consent" on our part—may invade other nations and then expect that it will not react upon us and upon all the world.

I do not feel so much concern about the commercial aspect to which Governor Lowden referred. If Europe is kept in an eternal broil, if the productive powers of Europe are broken down, it is true that Europe can not create commodity values, send them to our country, and establish the credit with which to buy cotton and corn and wheat and copper, and that is an important matter. It is a more important matter that there

should be peace on earth. I am concerned in that; the United States is concerned in it; the whole world is concerned in it.

A plan has been arranged by which 51 nations have already pledged themselves to protect France from invasion. It is difficult for me to believe that French leadership is afraid of the invasion of France by Germany, whose powers to make and hold arms have been taken away, when 51 nations stand behind France to protect France against invasion, when Great Britain was willing to make a special guaranty to France, and when our great Nation has, by its declaration of principle, expressed its sympathy against the invasion of France, and when Germany proposes a solemn pledge to the world not to invade France.

The principle of territorial integrity and political independence is vital. It must be maintained if world peace is to be maintained. The French leaders, having such guaranty against invasion, are now breaking down the principle agreed to in the League of Nations, Article X, by which French safety from future invasion was safeguarded and will justify the world in abandoning the guaranty as far as France is concerned.

We went into the last war not for sordid purposes, but to establish liberty throughout the world. That is what our sons fought for and that is what they died for—not the liberty of France alone but the liberty of mankind. The liberty of the French people, yes; but the liberty also of the German people. I am just as much in favor of giving liberty to the German people as I am to the French people. We can not give liberty to one and take it away from another and establish the divine doctrine of peace and good will on earth. The thing that men are willing to live for and to fight and die for is "liberty." It ought not to be put upon a sordid plane.

Nothing which I said showed any lack of sympathy for the French people. I have the greatest sympathy for the French people. I wish I could believe that the French people had a greater measure of democratic self-government. In my judgment they are being largely governed now by an organized commercial, military, and political force which is leading them and the world into injury and harm.

From their recent gestures I can not help thinking that the military leadership of France is dictating the economic policy of France. However, whether that be true or not, it is my judgment that it is an injury to the people of the United States that this controversy between the French leadership and the German leadership should remain unsettled and that war should grow out of it.

It is not a question of sympathizing with the unborn babe of France or the unborn babe of Germany or the unborn babe of the United States; but it is a question of establishing by orderly processes a means by which men shall live at peace, and the first fundamental of that principle requires the recognition of the doctrine of the territorial integrity and political independence of each self-governing nation. When we depart from that principle we set the world on fire.

I feel entirely justified in what I said with regard to the invasion of the Ruhr. I hope, indeed, that time may prove that our grave apprehensions are not well founded.

Proposed International Conference

SPEECH

OF

HON. ROBERT L. OWEN

OF OKLAHOMA

IN THE

SENATE OF THE UNITED STATES

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Speech of Hon. Robert L. Owen

HON. ROBERT L. OWEN



OF OMAHA, NEB.
IN SENATE, FEBRUARY 1, 1854.
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OF OMAHA, NEB., IN SENATE,
FEBRUARY 1, 1854.
ON THE PROPOSED
INTERNATIONAL CONFERENCE
OF THE GREAT BRITAIN,
FRANCE, AND THE UNITED STATES,
FOR THE PURPOSE OF
DISCUSSING THE
QUESTIONS OF
PEACE AND
COMMERCE.
BY
HON. ROBERT L. OWEN,
OF OMAHA, NEB.

SPEECH
OF
HON. ROBERT L. OWEN.

PROPOSED INTERNATIONAL CONFERENCE.

Mr. OWEN. Mr. President, this morning I sent to the desk a Senate resolution, which I ask may be read.

The VICE PRESIDENT. The Secretary will read as requested.

The reading clerk read the resolution (S. Res. 445), as follows:

Resolved, That the President of the United States is requested to invite all the nations of earth, whether they have adhered to the covenant of the league or not, to attend, in the city of Washington, United States of America, a three months' international economic conference for the promotion of international trade and understanding, and a conference for the establishment throughout the world of the territorial integrity and political independence of every nation, great and small, and the abolition of war.

Mr. OWEN. Mr. President, the time has come when the United States Senate should perform the duty of voicing throughout the world the doctrine of international justice, of international righteousness, and understanding, the doctrine upon which the peace of the world and the happiness of mankind must be based. If eventually, why not now?

The world is looking for the moral leadership of the one great disinterested, self-governing Nation.

The World War demonstrated the enormous physical power of the United States. It demonstrated its power to produce at high speed quantity and quality of munitions of war. It demonstrated the power of a peaceful democracy to organize for war. It demonstrated the power of our Republic financially, for without a quiver it raised forty thousand millions of dollars to finance the war and establish liberty and justice in the world. It demonstrated our unselfishness.

The statesmen of Europe are directly and indirectly appealing to America to point the path of peace and liberty. These appeals come from Great Britain, from Italy, from Belgium, from France, and from Germany.

From yesterday's press I clipped the following:

BRITISH LABORITES SEND APPEAL TO PRESIDENT—88 MEMBERS OF COMMONS ASK MR. HARDING TO SAVE EUROPE.

(By the Associated Press.)

LONDON, February 17.—Eighty-eight laborite members of the House of Commons have signed the following cablegram to President Harding: "America, with Great Britain, unwittingly has made France's present destructive action possible. We appeal for American cooperation to-day as the one hope of saving Europe."

President Baltasar Brum, of Montevideo, Uruguay, on February 10, made public a plan for an association of American nations which the delegation of Uruguay is to lay before the Pan American Congress at Santiago, Chile, next month, an abstract of which I hereto attach as Exhibit A.

The substance of President Brum's proposal is that the American nations should have a Western Hemisphere association to encourage the idea that international relations are

founded upon the principles of justice and solidarity, regardless of differences of race, customs, or religion, to intensify inter-American friendship and friendly relations with other countries of the world, and to solve by arbitration international conflicts and preserve the sovereignty and territorial integrity of every nation.

On Saturday, February 10, I submitted to the CONGRESSIONAL RECORD House Resolution No. 16 of the Legislature of Oklahoma, as follows:

Whereas it is made known by the American press that conditions in continental Europe grow daily worse; that nations, great and small, are tottering, unable to pay expenses; and

Whereas suffering among the people is increasing, famine threatens here and there, unemployment is growing, and a spirit of suicidal desperation has settled down over half the world; and

Whereas if step follows step and a new world war results this conflict by comparison will bleach the red horror of the last one, sweeping us along with the rest; and

Whereas the time to avert the European crisis is before it leads to a new conflict of nations: Now, therefore, be it

Resolved by the House of Representatives of the Ninth Legislature of the State of Oklahoma, That we memorialize the Congress of the United States to give its sympathetic consideration to the following basic plan for a return to world sanity:

First. That the United States must assume the leadership;

Second. That at the first possible opening President Harding should call a conference of the leading World War powers;

Third. That the program at this conference should be in two sections, economic problems and limitation of armaments;

Fourth. That instantly the conference is called to order America's spokesman should lay before the assembly some specific plan of world rehabilitation which might involve an international moratorium on war debts and an international loan to the worst stricken nations; and be it further

Resolved, That a copy of this resolution be sent to each Member of the Oklahoma delegation in Congress.

Adopted by the house of representatives this the 24th day of January, 1923.

CHAS. S. BRICE,

Speaker pro tempore of the House of Representatives.

This resolution from Oklahoma might be regarded as a motion in the assembly of nations and to all mankind calling for intelligent, concrete action, and a conference to promote commerce and end war. I ask the Senate of the United States to consider this proposal coming from the heart of America, from a legislature just elected by the people, a body of representatives who know and feel what the sentiment of the people is.

The proposal for action is timely. It is entitled to serious consideration and to a decision.

The Senator from Idaho [Mr. BORAH] on January 29 voiced from the State of Idaho in Senate Resolution 426 a conception similar to that which appeared in the Oklahoma Legislature. I am in accord with the Senator from Idaho, and would go still further concretely, directly, and simply. The time has come for action. The resolution of the Senator from Idaho represents the aspiration of the large majority of Americans.

On May 9, 1921, the Senator from Wisconsin [Mr. LA FOLLETTE] introduced Senate Resolution 74, protesting against the United States cooperating to carry into effect and enforce the terms of the treaty of Versailles, on the ground that the treaty of Versailles was influenced too largely by revenge; that it was a betrayal of the promises of the United States made to the world and formally accepted by the Allies as the basis of the

peace terms; that the Senate of the United States had refused to ratify it; that the people of the United States had indorsed the action of the Senate in objecting to the Versailles treaty.

The Senator from Wisconsin was reelected and renominated after this declaration by an overwhelming vote in Wisconsin. He represents also a very considerable element of public opinion in the United States.

Mr. President, the peoples of the world should no longer permit themselves to be put in danger of world war by the ambition, vanity, or self-sufficiency, or by the mere patriotism and physical courage of national leaders who demand the invasion of the sovereignty and territorial integrity of other nations on any ground, real or fanciful.

The chief reason the invasion of Germany by French leaders is objectionable is because it is a denial of these fundamental international principles and because the remedy of French invasion is worse than the disease of German evasion. The Germans ought to be made to pay the reparations due, and the world ought to require it, but the French invasion of Germany by military force is building up hostilities so intense that it may again produce a world war without obtaining the justice to which the French people are undoubtedly entitled. Senators should not be deterred from expressing their honest opinions by the unthinking charge that they are taking sides with Germany against France. The principles of international justice must be declared without respecting persons or nations. It has been said that "God is no respecter of persons," and justice and liberty are the divine principles through which the peace and happiness of mankind must be secured, and these principles must not be twisted by either hate or love of any nation, whether French or German.

It is well to remember that there ought always to be made a broad distinction between the people and those who govern the people. The people can hardly be held morally responsible for things done against their will and without their consent by those who govern them without their consent, and this is why the subjects of the former Teutonic imperialists are entitled to some consideration because their consent was not asked. Their opinions were enslaved and the people were driven by a brute military force organized to the last degree which meant a summary death to any individual who dared refuse obedience.

How could the President of the United States have made clearer the distinction between the people who were subject and the rulers who subjected them without their consent in the Central Empires than he did in his address to the joint session of the two Houses of Congress January 8, 1918?

The President's address of January 8, 1918, was in answer to the desire of the spokesman of the Central Empires "to discuss the objects of the war and the possible bases of a general peace," and he spoke for the Entente Allies and all of them. He spoke expressly for the United States and for all the governments and peoples associated together against the imperialists.

The President said in regard to this:

We (the associated nations) can not be separated in interests or divided in purpose. We stand together until the end. For such arrangements and covenants (the 14 points) we are willing to fight and to continue to fight until they are achieved.

The President said:

We have no jealousy of German greatness, and there is nothing in this program that impairs it. We grudge her no achievement or distinction of learning or of pacific enterprise such as have made her record very bright and very enviable. We do not wish to injure her or to block in any way her legitimate influence or power. We do not wish to fight her either with arms or with hostile arrangements of trade if she is willing to associate herself with us and the other peace-loving nations of the world in covenants of justice and law and fair dealing. We wish her only to accept a place of equality among the peoples of the world—the new world in which we now live—instead of a place of mastery.

President Wilson said further in this address:

An evident principle runs through the whole program I have outlined. It is the principle of justice to all peoples and nationalities and their right to live on equal terms of liberty and safety with one another, whether they be strong or weak. Unless this principle be made its foundation no part of the structure of international justice can stand. The people of the United States could act upon no other principle; and to the vindication of this principle they are ready to devote their lives, their honor, and everything that they possess. The moral climax of this the culminating and final war for human liberty has come, and they are ready to put their own strength, their own highest purpose, their own integrity and devotion to the test.

Who did the President speak for? He spoke for France, for Great Britain, for Italy—for the Allies as well as for the people of America—and the Allies adopted these principles, and on this declared basis the German leaders and the German people surrendered. Have we forgotten these 14 points? They are express covenants with Germany and the world. Can they ever be forgotten in international affairs? The 14 points were 14 explicit, contracted obligations. What are they?

1. Open covenants of peace. No private international understandings.
2. Freedom of the sea.
3. Removal of economic barriers. Equality of trade conditions.
4. Adequate guaranties to reduce national armaments to the lowest point consistent with domestic safety.
5. Absolutely impartial adjustment of all colonial claims, recognizing of equal right the sovereignty of the populations concerned with the equitable claims of governments whose title is to be determined.
6. The treatment of the Russian people—political independence and welcome into the society of free nations under institutions of her own choosing.
7. The evacuation and complete freedom of Belgium.
8. The restoration of Alsace-Lorraine to France.
9. The readjustment of the frontiers of Italy along clearly recognizable lines of nationality.
10. The freest opportunity of autonomous development of Austria-Hungary.
11. The evacuation of Rumania, Serbia, and Montenegro. The political and economic independence and territorial integrity of the several Balkan States.
12. The sovereignty to the Turkish portions of the Ottoman Empire, security to nationalities under Turkish rule, their autonomous development, and the opening of the Dardanelles.
13. The political and economic independence and territorial integrity of Poland inhabited by indisputably Polish populations.

14. A general association of nations must be formed under specific covenants for the purpose of affording mutual guaranties of political independence and territorial integrity to great and small States alike.

These are the covenants that the President of the United States declared "we (the Allies) are willing to fight for." Human liberty, international justice—this was the moral climax of the war. These were the objects put in concrete form for which we fought.

The authorities of the British Empire, the leaders of France, of Italy, of Japan accepted the doctrine laid down by Woodrow Wilson. These are the things for which America sacrificed. These are the things for which our American soldiers died. They did not lay down their lives to establish the principles of injustice, of territorial aggrandizement, of military ambition, or to support the petty vanities of any human leadership.

These are the pledges on which as a solemn contract the Germans laid down their arms and the Prussian military dynasty forever.

Mr. President, it is said that all legislation is a matter of compromise, and the treaty of Versailles was a matter of compromise. It has been, however, demonstrated that Woodrow Wilson used every ounce of his energy—social, physical, and moral—to get these 14 contracted terms and points recognized. If he did not succeed absolutely and completely, it was not because he did not go to the utmost limit of his powers. Perhaps he might have succeeded if he had had the whole-hearted support and understanding of all the American leaders. Unhappily, party divisions, party ambitions, party prejudices, perhaps, seriously weakened his efforts and did the world great injury.

I am sure that he believed that time would correct the failure of the Versailles treaty to fully meet the obligations to the world under the 14 points, such as self-government to the people of Shantung, to the people of Ireland, to the people of Egypt, and the matter of reparations. The Shantung controversy has settled itself. The Irish people have been given self-government. Large concessions have already been made to the people of Egypt, and various concessions have been made in the reparations matter; so that his foresight and hope have not been entirely disappointed nor without reason.

The doctrine of the right to rule without the consent of the governed has been almost entirely abandoned throughout the world. The doctrine of democracy, the right of the people to govern themselves, the doctrine of liberty, of the sovereignty of the people, their right to political independence and territorial integrity, is now a generally accepted doctrine throughout the world. The military autocracies have been annihilated.

Woodrow Wilson made a gigantic effort to convince the American people of the importance of accepting the Versailles treaty and the covenant of the league. He pointed out in many speeches throughout the country how the entry of the United States into this treaty, into the league, would give stability to the nations of the world; would bring disarmament, international peace, and a rapid restoration of the productive powers of mankind under the happy influence of complete international peace. Unhappily, his very great effort resulted in his very

serious and prolonged illness, for he was not physically strong when he entered upon the duties of the Chief Executive, and only by the most careful daily effort had he been able to keep himself equal to his task. In the fall of 1919 he was no longer physically able to carry on this contest. He was as much a martyr to the public service as any soldier that ever fell in battle, and history will in due time accord him the high place which his very great services justify.

Mr. President, America owes a duty to the world and to its own future to take the invited initiative in organizing the world to recognize the principles of international justice, liberty, and good understanding, and of the right of every nation, great or small, to territorial integrity and political independence.

WHAT ARE THE OBJECTIONS?

Certainly, Mr. President, there can be no objection to the United States giving voice to these principles in which we all unanimously believe, and a formal declaration would go far to strengthen these political doctrines throughout the world.

Certainly our entry into the League of Nations with such reservations as Congress might see fit, would wonderfully stimulate the great doctrines of liberty and international justice set forth in the covenant of the league.

THE ELECTION OF 1920.

Mr. President, there are those who imagine that the election of 1920, and there are those who have carried on a propaganda to the effect that the election of 1920, was a mandate from the American people not to enter the League of Nations. Nothing could be more absurd or so injurious to the world's interest as this pretension. If this grotesque notion that the American people voted against the League of Nations in the election of 1920 prevails it would mean the abandonment by America of the moral leadership of mankind.

The election of 1920 meant nothing of the kind. Both parties were committed to the covenant of the League of Nations. The Democrats voted for it without reservations and with reservations. The Republican Senators voted for it with reservations and some without reservations, and only a negligible number voted against it. The Democratic Party made it an issue in the campaign of 1920 and made the following declaration:

The Democratic Party favors the League of Nations as the surest, if not the only, practicable means of maintaining the peace of the world and terminating the insufferable burden of great military and naval establishments.

It was upon this basis that the President of the United States, in prearrangement with our allies, consented to a suspension of hostilities against the Imperial German Government: the armistice was granted and a treaty of peace negotiated upon the definite assurance to Germany, as well as to the powers pitted against Germany, that "a general association of nations must be formed, under specific covenants, for the purpose of affording mutual guaranties of political independence and territorial integrity to great and small States alike."

Upon this platform the Democratic candidate received 9,147,350 votes.

The Republican Party platform of 1920 made the following declaration with regard to the League of Nations:

The Republican Party stands for agreement among the nations to preserve the peace of the world. We believe that such an international association must be based upon international justice and must provide methods which shall maintain the rule of public right by the development of law and the decision of impartial courts and which

shall secure instant and general international conference whenever peace shall be threatened by political action, so that the nations pledged to do and insist upon what is just and fair may exercise their influence and power for the prevention of war.

We believe that all this can be done without the compromise of national independence, without depriving the people of the United States in advance of the right to determine for themselves what is just and fair when the occasion arises, and without involving them as participants and not as peacemakers in a multitude of quarrels the merits of which they are unable to judge.

It criticizes the covenant of the league as drawn and the insistence of the President in favor of the covenant without amendment; and in regard to the Republican Senate which had voted to adopt the covenant of the league with reservations the Republican platform said:

We approve their conduct and honor their courage and fidelity, and we pledge the coming Republican administration to such agreements with the other nations of the world as shall meet the full duty of America to civilization and humanity in accordance with American ideals and without surrendering the right of the American people to exercise its judgment and its power in favor of justice and peace.

As far as the public was concerned there was little or no difference between the attitude of this Republican platform and the Democratic platform, because the Democratic platform had no intention whatever to deprive the people of the United States "to determine for themselves what is just and fair" or to involve them in a multitude of quarrels, as stated in the Republican platform. The Democratic platform stated in terms, with regard to the League of Nations, that—

The President repeatedly has declared, and this convention reaffirms, that all our duties and obligations as a member of the league must be fulfilled in strict conformity with the Constitution of the United States, embodied in which is the fundamental requirement of declaratory action by the Congress before this Nation may become a participant in any war.

When on November 19, 1919 (CONGRESSIONAL RECORD, p. 8802), Mr. LODGE submitted the question of ratifying the covenant of the league with certain reservations, 41 Senators, including myself, voted for it, including nearly all the Republican Senators—

Ball	Frelinghuysen	McCumber	Spencer
Calder	Hale	McLean	Sterling
Capper	Harding	McNary	Sutherland
Colt	Jones, Wash.	New	Townsend
Cummins	Kellogg	Newberry	Wadsworth
Curtis	Kenyon	Page	Warren
Dillingham	Keyes	Penrose	Watson
Edge	Lenroot	Phipps	
Elkins	Lodge	Smoot	

and five Democrats. The following Republicans voted against the treaty with the reservations:

Borah	Gronna	McCumber	Sherman
Brandege	Johnson	Moses	
Fernald	Knox	Norris	
France	La Follette	Poindexter	

Some of these Republicans voted against it because they were opposed to the treaty on any ground whatever, such as Senators BORAH and JOHNSON of California, while others, including nearly all the Democrats, favored the treaty without these reservations, including all of the Democrats except five, and these Democrats were in favor of the treaty notwithstanding the reservations, so that the vote in the Senate of the United States was overwhelmingly in favor of the covenant of the league, with or without reservations.

Senator Harding, who was at that time a candidate for the Presidency, voted twice for the covenant of the league with reservations.

Nearly all the great Republican leaders were strenuously for the covenant of the League of Nations with or without reservations, for example:

Hon. William Howard Taft, formerly President, who was the president of the League to Enforce Peace, and now, by President Harding's appointment, Chief Justice of the United States.

Mr. Taft, in signed articles in the Public Ledger and in interviews and addresses, strongly advised the friends of the League of Nations to vote for Senator Harding as the best, if not the only hope, for our entry into the league, and in an article in the Public Ledger immediately following the election Mr. Chief Justice Taft said:

The enemies of the league will maintain that the general verdict is one completely adverse to any league, but this will not be the reasonable judgment of those who have followed Mr. Harding's promises in his speech of acceptance, in his speech of August 28, in his Des Moines speech, and in his Indianapolis speech.

Hon. Elihu Root, former member of the Cabinet, Secretary of State, stood for the league with the Lodge reservations.

Charles Evans Hughes, twice Governor of the State of New York and Justice of the Supreme Court, nominee for President, and at the present time Secretary of State under President Harding—the same.

Gen. Leonard Wood, who was a leading candidate for the Republican nomination for the Presidency, declared his—

Approval of the League of Nations with the Senate reservations—reservations which thoroughly Americanize it and leave America absolutely free and untrammelled to follow the only mandate she will ever accept—the mandate of American public opinion, the will of the American people.

Frank O. Lowden, twice Governor of Illinois, another leading candidate for the Republican nomination, stated in his primary campaign—

Another question is that of the League of Nations. I believe in the passage of the League of Nations covenant with reservations. I defend the action of Senators who insisted upon reservations to the charter submitted to them. * * * When the Republican Party is in power we shall, I hope, proceed to establish this machinery for adjusting international differences.

Herbert Hoover, whose friends were urging him for the Presidency, in the Public Ledger and the Chicago Daily News, said—

I stand earnestly for a League of Nations to minimize war, and, moreover, I stand for the league with alterations in the direction pointed by the Republican reservations.

And Herbert Hoover went so far as to say that—

The gravest peril to the cause of peace seems to me to be this, that JOHNSON and BORAH believe and are making the party and the country believe that they have made the issues and are dominating the campaign. If that false impression is allowed to go unchallenged, when they return to the Senate they will be able to draw to their side such Senate support as will enable them to block completely Senator Harding when, as President, he invites approval either of the existing league with reservations or—

And so forth. Vice President Coolidge on October 28 at Carnegie Hall, New York, said:

If the security of Europe is so intertwined with the Versailles treaty and the existing League of Nations that we can make the best progress

by taking the good in that treaty and in that covenant and by existing or amending those things which are not consonant with American traditions and habits, surely the Republican platform permits of such a course; surely the public declarations of Senator Harding permit such a course.

And so, many other of the Republican leaders, such as W. Murray Crane, of Massachusetts; William Allen White, of Kansas; Judge Nathan L. Miller, ex-Governor of New York; Lyman J. Gage, ex-Secretary of the Treasury; George W. Wickersham, ex-Attorney General; Charles D. Hilles, president of the National Republican Club; Oscar Straus, and so forth. It is perfectly notorious that the Republicans went before the people in 1920 with the assurance that Senator Harding was the best means by which to get effective favorable action on the League of Nations.

The Republican Party platform was framed in such a way as to prevent Senator JOHNSON, of California, or his supporters bringing about a party split, but the friends of the league believed in Harding and voted for him; and to say that the 7,000,000 plurality which he received was because President Harding was opposed to the League of Nations, for which he twice voted, is false and utterly preposterous.

There are other reasons which fully explain the 7,000,000 plurality which Harding received without the pretense that hostility to the league was the reason.

In the first place, the number of votes had been increased 50 per cent by the woman's vote; and, therefore, whatever the plurality, it would be largely increased by this new vote.

In 1916 the voters in America were exceedingly opposed to the entry of the United States into the war. The Democrats had made the campaign on the slogan "He kept us out of war," and on that slogan Woodrow Wilson received 9,129,606 votes against 6,286,214 in 1912, a gain of nearly 3,000,000 votes. This included the people who by descent or affiliation were sympathetic with the German, Austrian, Bulgarian, or Turkish people, the pacifists, and many of the socialists, and all those who wanted to keep out of war.

When Woodrow Wilson led us into war, as he was compelled to do by public opinion, these citizens turned from the support of the Democratic ticket like a shoal of herring, and the Republicans carried both the House and Senate in 1918.

The preelection letter of Woodrow Wilson in 1918 alienated many progressive Republicans, energized the Republican Party, and laid the foundation for the solidarity of all Republicans in 1920.

Many independents and Democrats, as well as progressive Republicans and people of no particular party activity, were incensed by the unavoidable annoyances of war activities, for example:

(a) The selective draft act called 10,000,000 men of all political complexions on June 5, 1917, and left hundreds of thousands of grievances.

(b) The Council of National Defense, necessary as it was, was organized down to the crossroads and offended hundreds of thousands.

(c) The antisedition act, with its spies, and so forth, a necessary act, nevertheless laid the foundation for a number of grievances against the party in power—the Democratic Party.

(d) The suppression of free speech, necessary in war to prevent the foolish from demoralizing our war activities, nevertheless offended thousands.

(e) The War Trade Board interfered with trade and commerce in innumerable ways and left hundreds of thousands offended.

(f) The War Industries Board interfered in all sorts of ways with the industrial life of America—very necessary in time of war and commendable in the highest degree. Unnumbered grievances nevertheless were incited by the action of the War Industries Board.

(g) The food control under Hoover and fuel control under Garfield offended millions of the people. It mattered not if Hoover and Garfield were Republicans. The offense was committed by the Democratic administration and the grievance was against the Democratic Party.

(h) Priority orders on the railroads and embargoes on goods and gold offended hundreds of thousands of people.

(i) The Government control of railroads, the Government control of the telegraph and cable, the Government control of the telephones, the preferential treatment of military and naval business in men, materials, and transports over civilian business offended thousands.

(j) The commandeering of men and material; and outbidding civilians for labor and goods required for war broke up peacetime commercial standards and offended thousands.

(k) The high taxes of war, the excess taxes, the surplus taxes, and the methods of revenue collection and administration annoyed and incensed many.

(l) Necessarily the administration of war is autocratic even in a democracy and thousands were offended by this cause.

On top of all these things there was a resolute and tremendous propaganda carried on against Woodrow Wilson and his administration, due, of course, in part to these causes which are enumerated.

Then followed Wilson's physical illness and more or less Democratic demoralization and a serious discontent within the ranks of the Democratic leadership.

It was all of these things combined that led to Harding's very great plurality, not because of American hostility to the League of Nations.

The campaign of 1920 was carried on on the Republican slogan of so-called "anti-Wilsonism" and "we want a change." The American people wanted to get a change from the autocratic bureaucracy of war to the usual and more democratic processes of peace, and the election of 1920 reflected this sentiment.

But the American people, the overwhelming majority of the American people, believed in the principles of progressive democracy. Nearly all the Democrats are progressive and over half of the Republican citizens are progressive and have been for years, as was shown in the election of 1912 when Roosevelt received 4,126,020 votes and the lovable, genial Taft only 3,483,922. The American people are progressive, and they wish to have a progressive Government. This was most clearly indicated in the election of 1922 when so many stand-pat, conservative Republicans were defeated and progressive Republicans and

Democrats sent to the House of Representatives and the Senate by that election.

In Oklahoma not less than 75,000 Republicans voted the Democratic ticket in 1922.

The people of America are not altogether blind party followers, but to a large extent the people regard political parties as a means by which to make effective their will. The time has come when Congress and the Senate should voice the aspirations of America and of mankind for international liberty, international justice, international righteousness. If it did nothing more than express its opinion in an intelligible form it would probably suffice.

But, Mr. President, America should discharge its full responsibility before God and before man and call the leaders of the world together in Washington for an economic and political conference to complete the work of overthrowing militarism already so largely accomplished. It was a splendid thing, in pursuance of this great advance, which President Harding and Secretary of State Charles Evan Hughes accomplished in bringing about the four treaties limiting naval armament. It had my heartfelt approval because it was a fine step forward.

It is time to take another step forward.

It is time for President Harding to fulfill his promises to America.

It is time for the Republican Party to meet its promises of 1920 to America with regard to international peace.

Let us not be content to be silent and allow the days to pass by while another world war is being bred in Europe. It is our duty to Europe, as well as to our own people, to speak and to give the world a forum in which to speak, and the nations of the earth, when assembled in Washington City, in a favorable atmosphere, comparatively free from intrigue, will be able to give voice to the aspirations of the human heart, to the aspirations implanted in the soul of man by the Master Maker of men. It would be another Pentecost.

America will then be able to fulfill the high destiny for which she has through the last century been slowly and surely prepared.

Mr. President, our responsibility in this matter demands action.

America already has the financial and commercial leadership of the world and by equipment is the only great Nation capable of assuming the moral leadership of mankind and leading peacefully the way to international liberty, international understanding, international justice, international prosperity, and happiness.

DEMOCRACY
LET THE PEOPLE RULE

AN ADDRESS BY
HON. ROBERT L. OWEN
UNITED STATES SENATOR
FROM OKLAHOMA

DELIVERED TO THE DEMOCRATS OF MICHIGAN
AT DETROIT, MICH., FEBRUARY 22, 1923

AT A DINNER IN HONOR OF
HON. W. N. FERRIS, SENATOR ELECT
AND HON. ROBERT H. CLANCY
CONGRESSMAN ELECT

Printed in the CONGRESSIONAL RECORD
Tuesday, February 27, 1923



WASHINGTON
GOVERNMENT PRINTING OFFICE

1923

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DEMOCRACY
LET THE PEOPLE RULE

AN ADDRESS BY

HON. ROBERT L. OWEN

UNITED STATES SENATOR
STATE OF OKLAHOMA

DELIVERED TO THE SENATORS OF MICHIGAN
AT DETROIT, FEBRUARY 22, 1913

AT A
RECEPTION
BY
HON. W. M. WOODWARD
AND HON. J. CLANCY
CONGRESS



Printed in the Congressional Record
Tuesday, February 27, 1913



WASHINGTON
GOVERNMENT PRINTING OFFICE
1913

1913-1914

ADDRESS
OF
HON. ROBERT L. OWEN,
UNITED STATES SENATOR FROM OKLAHOMA,

TO THE DEMOCRATS OF MICHIGAN, AT DETROIT, MICH., FEBRUARY
22, 1923, AT A DINNER IN HONOR OF HON. W. N. FERRIS, SEN-
ATOR ELECT, AND HON. ROBERT CLANCY, CONGRESSMAN ELECT.

Ladies and gentlemen, it gives me great pleasure to join with you to-day in paying honor to our splendid Democratic Senator elect, Hon. Woodbridge N. Ferris, to our brilliant new Democratic Congressman, Robert H. Clancy, and to the Michigan Democracy. All Democrats love the name of Washington, Jefferson, Jackson, and Lincoln, who first promoted the great principles of our party.

The Democrats of America have had a glorious record of accomplishment in advancing the liberty, prosperity, and happiness of the people.

It was the Democrats, under Thomas Jefferson, who demanded and secured the first 10 great amendments to the Constitution of the United States, declaring as fundamental principles thereof freedom of speech, freedom of religion, freedom of the press, the inalienable right of every man to life, to liberty, to the pursuit of happiness, to a trial by jury, to summon witnesses in his behalf, to immunity from a second trial for the same offense, and from unreasonable searches and seizures.

It was the Democrats who, under Thomas Jefferson, advocated *universal manhood suffrage*.

It was the Democrats that demanded and carried into effect the public education of the people and built up *the common schools*.

The advance of liberty, the education, the intelligence of the people has been steadily fostered and promoted by the Democrats of America.

The Republican Party was also based originally on Jeffersonian Democratic principles. In 1860 it overthrew the leaders of the Democratic Party who had become the advocates of negro slavery. In a few years, however, thereafter every selfish interest that wished to use the powers of Government for private advantage gradually attached itself to the Republican Party, courted its leaders, became busy in its organization, contributed to its elections, promoted its nominations, and steadily obtained an increasing influence in its management. Unhappily it seems to be the history of all long-dominant parties.

When in 1912, after many years, it became obvious that an invisible government of organized commercial and financial

selfishness had gained control of the organization of the Republican Party and of the governing powers of the people of the United States, the spirit of democracy, that sleeps but never dies, arose in the hearts of the Progressive Republicans, under the leadership of Theodore Roosevelt, and by this revolt there was given to the Democratic Party its first real opportunity since the Civil War to demonstrate that it had, through tribulation, come back to the true principles of Democracy of Jefferson, of Jackson, and of Lincoln, and magnificently the Democratic Party responded. It was assisted on many occasions by patriotic Progressive Republicans.

The Democratic Party in 1913 obtained control of the Presidency under Woodrow Wilson and both Houses of Congress, and put through a magnificent program of progressive legislation.

It *lowered the tariff* from a monopoly tariff to a true revenue tariff, affording all the protection honestly needed.

It *put the necessaries of life on the free list* under Democratic management; it *removed unjust tariff discriminations*, and by lowering the tariff *stimulated our imports and our exports*. (38 Stats. 114, Oct. 3, 1913.) Our foreign commerce increased from four billions in 1913 to ten billions in 1919. Let Democrats always keep in mind that by logical necessity ultimately imports measure exports and exports measure imports.

It established the *Tariff Commission* (39 Stats. 795), to take the tariff out of politics and deal with it strictly as a business matter.

PROGRESSIVE INCOME TAX.

It placed the taxes on those best able to pay the taxes, and from whom taxes were more justly due. It took the tax from the backs of the consumers and placed it upon incomes, by the *progressive-income tax*, so that those who could pay the cost of the Government without distress should do so. (39 U. S. Stats. 756, Sept. 8, 1916.)

It passed a *progressive-inheritance tax*, so that the wealth of the country should pay for its own protection. (39 Stats. 1091, Mar. 3, 1917.)

It passed the *excess-profits tax*, to compel those profiting by war conditions to meet the larger part of the cost of war. (39 Stats. 1000, Mar. 3, 1917.)

It passed the *war-profits tax* for the same reason. (40 Stats. 1088, Feb. 24, 1919.)

THE FARMERS.

It made a resolute effort to benefit the farmers of the country and to improve our agricultural output. For instance—

It passed the *farm loan act*, enabling the farmers of the country to obtain cheap money on long time from the investing public through nontaxable farm-loan bonds. Over \$700,000,000 have been loaned to farmers, and under this system ultimately the farmers of the country will get nearly all the money they require at the cheapest rates. (39 Stats. 360, July 17, 1916.)

The farm loan act had the effect of compelling land-mortgage banks to lower their interest rates, and thus has been of great value to the farmers.

The Democratic Party passed the *Smith-Lever agricultural extension act*, under which the vast knowledge acquired by the Agricultural Department in agriculture, horticulture, animal industry, bee culture, farm economics, canning and preserving

foods, raising poultry, etc., has been put at the service of every farmer and every agricultural county in America by trained men and demonstration farms. (38 Stats. 1086, March 4, 1915.) It should not be forgotten that it was the Democratic Party that established the Agricultural Department.

The Democratic Party passed *the good roads act* and appropriated millions to build, by cooperation with the States, hard-surfaced roads connecting the farms with the cities, to the advantage of both. (39 Stat. 355, July 11, 1916.)

The Democratic Party inaugurated and vigorously expanded *the rural route system*—delivering mail to the farms.

It built up the *parcel post system*, carrying parcels to and from the farm, and to and from the cities. Do the American people or the farmers want any of these acts repealed?

What has the Democratic Party done?

LABOR LAWS.

It has shown its deep desire to serve those who labor.

It established a *Department of Labor*; has developed it; has made it useful in steadily improving the conditions of life for those who labor. (37 Stats. 736, March 4, 1913.) It has established *employment bureaus* to bring the man and the job together. It helps to settle disputes between labor and capital. It has developed the *Bureau of Mines* and the *Bureau of Standards*. Each bureau of very great value.

It passed the *child labor act*, to prevent employers from denying children their right to be educated, and to have some of the freedom of youth. (39 Stats. 675, September 1, 1916.)

It passed the *eight-hour law*—one of the great accomplishments desired by organized labor. (39 Stats. 721, September 3, 1916.)

It passed laws providing for the *minimum wage*.

It passed the *workmen's compensation act*, for accidents and death in industry. (40 Stats. 961, September 13, 1918.)

It exempted combinations of laborers and of farmers from the inhibitions of the antitrust act.

It passed a great act declaring that "*labor is not a commodity*." This act is regarded as a magna charta for labor, and forbids labor, consisting of human flesh and blood, to be handed about as a chattel. (38 Stats. 731, October 15, 1915.)

It passed an act providing for *vocational instruction* and is engaged now in giving vocational instruction to many of our young soldiers returning from abroad who have sought this advantage. (39 Stats. 929, February 23, 1917.)

It passed the *seamen's act* to give liberty to those who labor on the high seas, to put an end to the slavery practiced on sailors, to provide better conditions of life at sea, and safety at sea for the sailors. This legislation has been of very great value in raising the wages of sailors and making the profession more attractive to young men. It was a necessary step in order to provide self-respecting men who would be needed for the great merchant marine which the Democratic Party desired. (38 Stats. 1164, March 4, 1915.)

MERCHANT MARINE.

The Democratic Party built up a gigantic merchant marine, with 10,000,000 tons of shipping, big enough and strong enough

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to take our commerce and our flag to every port in the world. This alone is a monumental service to the American people.

MONOPOLIES.

It did many things to abate the evils of monopoly.

It passed the *Clayton Antitrust Act*, providing various means with which to check the practice of monopoly. (38 Stats. 730, Oct. 15, 1914.)

It established the *Federal Trade Commission*, with authority to suppress unfair practices in commerce. The Federal Trade Commission is destined, by its example, by its policies, and by its work, finally to teach the American people how to control the abuses of monopoly and of profiteering. (38 Stats. 717, Sept. 26, 1914.)

The greatest of all monopolies in America was the monopoly of money and credit, known as the *Money Trust*.

FEDERAL RESERVE ACT.

The Democratic Party passed the *Federal reserve act*, established 12 credit centers, with 12 great Federal reserve banks under the control of the Government of the United States through the Federal Reserve Board, so that any citizen having sound credit, based on commodities or on actual commercial transactions, could have his note underwritten by his local bank and get money from the Federal reserve bank. This act took from the Money Trust the monopoly of credits (38 Stats. 251, Dec. 23, 1913) and put the power over credit under the control of United States Government officials.

This act has enabled the 25,000 banks in the United States to accommodate our national commerce without asking permission of any private monopoly. This act has made financial panics impossible. It has given great stability to the banks and to credits. Under this act in eight years the resources of the banks have increased from twenty-five billions to fifty-six billions. Not a single national bank failed in 1919.

This act enabled the United States to finance Europe to organize and conduct and to win the greatest war in history.

The Democratic Party developed the *postal savings banks* for the accommodation of those timid people who do not deal with the banks but are willing to trust their deposits with the Government, and their deposits are thus made available for the banks. Under these acts the banks of the United States have had the greatest prosperity in their history and at the same time have substantially lowered the rates of interest to American business men.

It has passed many acts improving the *Public Health Service* for the conservation of human life.

POPULAR GOVERNMENT.

It has done many things to promote *popular government*. It was due to the Democratic Party and the Progressives that the *direct election of United States Senators* was put into the Constitution. This amendment has made the Senate of the United States more responsive to the opinions of the people, and will make it still more responsive than it is now.

The Democratic Party *democratized the committees* of the United States Senate by giving the committees control of the chairmen and of conferees.

The Democratic Party established *modified cloture in the Senate* so that a few men could not by unlimited debate per-

manently defeat the will of the Senate itself. (1917, vol. 55, p. 19.)

It passed an act forbidding *bribery in elections*.

PEACE TREATIES.

It negotiated *peace treaties with all the important nations of the world except Germany, Austria, Bulgaria, and Turkey, who wanted war—and got it.*

IT CONDUCTED THE WAR TO VICTORY.

It kept this Nation out of war until it became clear that the liberties of America and of the world were in jeopardy from the aggressive conduct of the Teutonic allies. When war became necessary for the protection of the honor, the dignity, the liberties of the American people, the Democratic administration organized the Council of National Defense; organized the Nation for war, down to the very crossroads; passed the declaration of war and the great war measures; established the War Industries Board, the War Trade Board, and the food and fuel control; financed the entente allies; passed the war marine insurance act; set up the War Risk Insurance Bureau; organized over 30,000 four-minute men; called to the colors 10,000,000 Americans; raised an army of over 4,000,000 men; expanded the Navy and merchant marine; provided the munitions of war; trained and transported the required forces to Europe; protected them from disease and vice as far as humanly possible; broke up the German submarine campaign; crumpled the lines of the German troops in France; crushed the morale of the Teutonic forces and compelled their military leaders to beg for an armistice, in effect an unconditional surrender, thus saving the civilization of the world from the greatest military menace in the history of mankind. (39 Stats. 649; 38 Stats. 711.)

PROGRESSIVE REPUBLICANS.

We should not fail to express our respect for the patriotic Republicans and citizens of other parties who loyally cooperated in winning this Great War and our gratitude to those progressive Republicans who cooperated with the Democrats in the great legislative program of the six years of Democratic control.

The Democratic Party passed the "*selective draft act*," by which rich man and poor man, educated man and ignorant man, Protestant and Catholic, Jew and Gentile, black and white, took their position side by side on the battle line or in the service of the country where each was best fitted to protect the liberties of their common country. Never was a more democratic act passed. No man was permitted by law to buy a substitute with money, but every man's life and service was put upon a basis of equality in the defense of his country. (40 Stats. 76, May 18, 1917.)

What man had the impudence to question the "*Americanism*" of the Democratic Party in all these great accomplishments? What is "*Americanism*" if it be not the great policies which the Democratic Party have put into execution when it stamped out sedition at home, whipped the enemies of liberty abroad, and made America the commercial, financial, and moral leader of all the world, so that all great nations do homage to the United States, and small nations, when they bend their heads in prayer, pray God to bless the American people. America has become

the beacon light to all mankind, and no narrow partisan can hide this light under a bushel or question the glorious Americanism of the Democratic Party.

Under the *War Risk Insurance Bureau* was written insurance for our soldiers abroad of \$40,000,000,000, and under our war marine insurance act American commerce was protected without loss to the Government.

The Democratic Party passed the *War Finance Corporation act* for the protection of our business men under the extraordinary interruption and stress of war.

It passed the *capital-issues act* in order to safeguard all credits of the country and make them available for war. (40 Stats. 512, April 5, 1918.)

It organized the *Red Cross movement* down to the cross-roads, and in this Great War enterprise the Democratic Party gladly availed itself of the patriotism of citizens of all parties.

TWO GREAT AMENDMENTS—WOMAN'S SUFFRAGE; PROHIBITION.

By the combined efforts of the progressive men in both parties two great amendments to the Constitution of profound social and moral significance have been passed—woman's suffrage and prohibition. Of still greater importance is the fact that these great reforms were due to the progressive men and women in the homes of America.

THE ELECTION OF 1918.

Before the Great War had terminated successfully there came on the election of 1918, in which the party lost many votes because men who were aggrieved by the conduct of the war, by the selective-draft act, by the operation of the Army and naval forces; many men injured by the priority orders and the conduct of the railroads where the administration had to give the right of way for war purposes; many men injured by the Government commandeering materials and men; many men hurt by the sudden rise in prices, due to the Government competing for men in the shipbuilding yards and in munition plants; many offended by high taxes and by the extravagance and waste of war visited their displeasure on the Democratic Party.

Many men of German blood or of German sympathy who resented the United States going into war.

Many men who opposed war as a principle were either turned against the Democratic Party or their devotion to the party was weakened.

There was a general disposition to blame somebody, and the Wilson administration was the victim.

The Democratic Party, with its leading men intensely occupied with the winning of the war, was in no position to present the accomplishments of the Democratic Party to the people of the country.

Moreover, in 1918 the United States had the extraordinary affliction of "Spanish influenza," which killed in that year 447,000 of our people, and over 380,000 of them died in the fall of 1918. Under the advice of physicians political meetings were forbidden.

Was it any wonder the Democrats lost both Houses? Moreover, the result of the war was still unknown. It is now generally conceded that the President's famous preelection letter alienated many liberal or progressive Republicans and vitalized those who were partisans to strenuous activity in resentment

of what they construed to be an affront and lack of appreciation of their loyalty in supporting the war activities of the administration.

Mr. Chairman, I wish it might be truly said that none of our people during the Great War, either Democrat or Republican, had made any mistakes in the management of the war in the Army or Navy, or of the railroads, or of the telegraph or telephones, or of any of the Government's affairs [Republican and Democratic citizens were almost equally divided in these activities, but the percentage of errors and wrongs was very small considering the magnitude of our operations in the war]; but I can truly say that the record of accomplishments in the six years of complete executive and legislative control by the Democratic Party is the most magnificent ever made by any party in any country.

The Democratic Party found the United States in depression in 1913, threatened with a panic. The New York banks declared in the summer of 1913 that they did not expect to be able to furnish the money to move the crops in the fall, and the country banks were advised not to expect the customary rediscount privileges. The Democratic administration thereupon furnished the money out of the United States Treasury to move the crops and repeated the same operation in 1914, and, after six years of Democratic management, the country was brought up to a condition of the greatest prosperity in its history.

No party in history ever deserved better of the people than the Democratic Party in 1918.

THE PEACE TREATY.

Our President, whose leadership and whose sympathies were behind the record of the last six years, went to Paris and brought back a world peace treaty, establishing peace among all the nations of the world, by which all the nations of the world pledged themselves to respect and preserve the territorial integrity and political independence of other nations; to settle all international disputes by conciliation, arbitration, and peaceful adjustment; to end competitive armament; to coerce any outlaw nation again attempting to deluge the world in blood by a world-wide economic boycott and by such pressure as should be necessary to restore order.

After many months of study and acrimonious debate the treaty of peace at last had four-fifths of the Senate either in favor of it without amendment or with reservations that, after all, did not seriously change its meaning.

Acrimonious partisanship defeated the entry of the United States into the league, at least temporarily, but the covenant of the League of Nations ushers in a new democratic era in which all the great nations have agreed that all just government is based on the consent of the governed.

The monarchies and autocracies are crushed. The democracies of earth are completely and overwhelmingly triumphant throughout the whole world.

It was the Democratic Party that organized the American people into a fighting force which protected the liberties of mankind and overthrew on the battle fields and destroyed the military dynasties of Prussia, Russia, Austria, and so forth, the immemorial enemies of democracy. All of these countries have done with the rule of the few by divine right, and in them are

being organized now peaceful, productive democracies which will add to the stability and prosperity of mankind.

Democracy means the rule of the people, and the rule of the people means just what Abraham Lincoln said, "A government of the people, by the people, and for the people."

It will be a government *for* and *of* the people if it is a government truly *by* the people. To have a government *by* the people, the people must have a right to really nominate their representatives who shall write and who shall execute the law. This means a democratic *mandatory primary*.

The primary makes necessary the *publicity* pamphlet, printed at public expense, giving the arguments for and against men and measures and sent to every voter 60 days before election.

The people must have the right to select their representatives without fraud and corruption, and this means a democratic *thorough-going corrupt practices prevention act*.

They must have the right to a secret ballot so as to prevent intimidation, and this means the Australian or democratic *secret ballot*.

They should have in a highly organized government adequate minority representation, and this means proportional representation, so that minorities are not submerged, denied a hearing, or ignored. This means democratic *proportional representation*.

The people in selecting their representatives should not be confused with a ballot so long and complicated that they can not determine the merits of the candidates presented. For this reason the *short ballot* is one of the most valuable instruments of modern democracy.

The minority should be heard but should not be allowed to throttle and veto the will of the majority. For this reason *cloture* in the United States Senate is democratic and should be demanded so that a minority may not veto the majority through the parliamentary abuse of so-called unlimited debate, by which a few men can talk any measures to death which the majority desire.

The representatives of the people should have the right as soon as elected to meet and pass the laws and make effective at once the will of the people. Therefore, a Congress which is discredited should no longer be allowed to meet and pass the laws as at present is done, but *the new Congress should be immediately assembled* and the old Congress immediately dissolved in order that the will of the people may be promptly made effective.

In order that the President of the United States may give his heart and soul to the public interest, unmoved by ambition or the selfish advice of his Cabinet and of his tens of thousands of cooperating officials, he should be limited to one term, preferably six years. In this way a President and the officers about him would not conduct their office with a view to their reelection but with a view to serving the best interests of the people.

In order that the *Constitution* of the United States be made more completely an instrument through which the people might rule, it should be *made more easily amendable*, permitting amendments to be proposed by a majority of the two Houses or by a two-third vote of either House and made effective by a majority vote of the congressional districts through the

majority vote of the voters voting in each congressional district. At present, a minority of the House or of the Senate or a minority of the States may veto the will of a majority of the House, of the Senate, and of the States, because it takes a two-third vote of the House, a two-third vote of the Senate, and a three-fourth vote of the States to pass a constitutional amendment.

I rejoice that women have been given an equal vote with men. This is fundamental, genuine democracy. It gives a woman a more nearly equal chance to earn her living by equal work with man. It gives her the liberty to which the mothers of men have a fundamental right. It brings into the party service a new vision of what the laws ought to be in order to make the home safe and comfortable. The woman thinks in terms of the safety of the house, of the police protection of the home, of the sanitation of the home, of the cleanliness of the streets, of the proper disposition of the refuse from the home, of pure food for the home, of pure water for the home. She thinks of the children, of their safety, of their proper schooling, of their proper clothing. She thinks in terms of the family purse, of the cost of living, of what she has to pay for food and clothing and furniture and rent, and all these vital factors have everything to do with the welfare and the happiness of mankind. She thinks in terms of decorous, moral, clean living. She thinks of the conduct of public officers from the standpoint of morality as well as efficiency. Her views will help to make clearer the views of men in framing the difficult structure of government.

Women will resent the heartless policy of deflation that caused the terrible depression of 1920-1922. When the Republicans organized the new Congress on May 19, 1919, they put on a policy of deflation. They caused the Federal Reserve Board to demand deflation of credit by the banks.

Obviously the purpose was to make the dollar buy more and commodities and labor buy fewer dollars. It was a policy to benefit the rich creditor class and to hurt the debtor class.

The Republicans assumed full responsibility in the McCormick Senate resolution of May 17, 1920, in their national platform, and in Senator Harding's speech of acceptance July 22, 1920.

This resolution, passed May 17, 1920, was as follows:

"Resolved, That the Federal Reserve Board be directed to advise the Senate what steps it proposed to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation in currency and credit," etc.

REPUBLICAN FALSE PRETENSES.

Immediately after the Republican national platform of 1920 declared, under the false pretense of lowering the cost of living, as follows:

"We pledge ourselves to an earnest and consistent attack upon the high cost of living by rigorous avoidance of further inflation in our Government borrowing and by courageous and intelligent deflation of our overexpanded credit and currency."

Mr. Harding, in his speech of acceptance of the Republican nomination, July 22, 1920, said:

"Gross expansion of currency and credit have depreciated the dollar. * * * Deflation on the one hand and restoration of the 100-cent dollar on the other ought to have begun on the

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day after the armistice. * * * We pledge that earnest and consistent attack which the party platform covenants. We will attempt intelligent and courageous deflation and strike at Government borrowing, which enlarges the evil."

In other words, the Republican Party assumed absolute responsibility for deflating credit and currency on the false pretense of lowering the cost of living, whereas the purpose was to increase the purchasing power, not of the transitory dollars received for wages and for agricultural and manufactured commodities, but to increase the purchasing power of the dollars permanently invested in bonds, mortgages, and bank stock, while the demand was being made to cut down the number of dollars to be received for agricultural and manufactured commodities and for wages. Yet the monopolies could artificially maintain the high prices for commodities they controlled.

From this false policy has arisen the conflicts, in large measure, between capital and labor, the railroad and coal strikes, and textile strikes.

The deflation demanded by the Republican platform and Republican leaders has not served to really lower the cost of living, but to diminish production and bring on a terrible depression.

DEFLATION CAUSED PANIC.

Under the policy of deflation the bank deposits of the national and State banks were deflated from 1920 by September 21, 1921, over \$3,000,000,000.

The Federal Reserve Boards contracted their loans over \$2,000,000,000, and the contraction of Federal reserve notes and Federal reserve bank notes by September 21, 1921, had diminished \$1,060,000,000—a total of over \$6,000,000,000 of credit deflation, with a shrinkage of private credits unrecorded in the banks of a still larger amount.

With the result that the value of agricultural commodities, of manufactured goods suffered a tremendous deflation, bankrupting hundreds of thousands of people, farmers, stock growers, dealers, manufacturers, and so forth, and causing the ruin of many banks, and bringing on in 1921 and 1922 one of the most painful and injurious industrial depressions from which we have ever suffered.

The expansion of credit to meet the cost of war was justified and should not be stigmatized as inflation or violently deflated. The people are ruined when sudden and violent deflation is forced on them. The reserve act was framed to stabilize, not destabilize, credit.

From 1913 to 1919 the Democrats brought great prosperity. From 1919 to 1922 the Republicans produced a profound industrial depression.

After all, the great modern problem is to pursue a policy which shall engage all of the productive energies of men and women efficiently, and *produce abundantly and distribute economically* the things which men need, commodities, building materials, clothing, food, transportation, literature, art, and articles of luxury, for all these things men need and desire.

We have built up in America through gigantic corporations very great productive companies in steel, metals, building materials, textiles, transportation, and so forth. Some of these

great enterprises pursue the policy of limiting production in order to obtain a high percentage rate of profit on turnover, and some use unfair practices by which they break down opposition and destroy the independent producer and distributor.

It would be better even for predatory monopolies and of course for honest big business, as well as for the producers and consumers, to end the abuses of uncontrolled private monopoly.

We should require all interstate corporations dealing in the necessities of life to take out a *Federal license* under conditions that will assure their obedience to the antitrust law and the regulations of the Federal Trade Commission affecting fair practices in commerce.

The *Federal Trade Commission* should be expanded, its powers enlarged, and men put and kept on it who are known to be at heart opposed to unfair practices. It should be intrusted with the civil and criminal prosecution of those who violate the antitrust laws. It should have its own attorneys for this purpose.

The antitrust act should be put under the administration of the Federal Trade Commission and taken out of the Department of Justice so as to concentrate this service and make it more efficient.

The *stock and commodity exchanges* should be put under *Government control*, and an adequate act governing the issuance of securities should be passed to prevent frauds on the public by worthless securities.

The *tax laws* should be revised and simplified to prevent evasion of taxes and to place the taxes equitably.

The Federal reserve act should be so administered as to give stability to credit and to prevent either inflation or deflation as far as the Federal Reserve Board and the Federal reserve banks have the power.

The *farm loan act* should be strengthened, simplified, its administration greatly expanded along liberal lines.

Freight and passenger rates, telegraph and telephone rates should be based on the actual capital invested, and a thorough valuation made under a new administration with a change of personnel to assure a new and correct valuation of these properties.

It is of supreme importance that the personnel of boards having great power in the administration of the law should be composed of men known to be free from undue corporate influence.

There should be worked out a thoroughgoing bill providing for national and State systems of cooperative marketing and warehousing.

Special facilities should be afforded for chartering cooperative buying and selling societies to eliminate waste and develop profit-sharing in industry, giving such societies the right to manufacture as well as to buy and sell.

The late *tariff act* should be amended so that no tariff tax should exceed the actual difference in the cost of production at home and abroad.

The *Tariff Commission* should administer the tariff under the principles laid down by Congress, including reciprocity with all nations as a means of marketing our surplus products, stimulating our home production, and enabling other nations to build up credits in America by the shipment of their com-

modities to our shores with which to buy our commodities, and with which to pay us the vast indebtedness growing out of the late war.

The output of modern machinery is so enormous that all the world can be supplied with clothing, with shelter, with food, with entertainment, and with luxury if the energies of men are applied during reasonable hours and the profits of labor efficiently and fairly distributed.

The processes of *justice* of the courts should be made *swift and economical*. This involves a thorough overhauling of our judicial system with this end in view.

The education of the people should be vigorously pressed in every possible way by stimulating the public schools, colleges, universities, the press, the pulpit, the forum, the moving pictures, and so forth. The people will do the rest.

We should no longer regard America as isolated, separate, and apart from the world. We should no longer permit ourselves to be misled by the stupid talk of entangling alliances, but *America should actively cooperate with the other great free nations of the earth in making effective the principles of the League of Nations*. We should express our approval of its principles. We should, with such reservations as Congress may impose, adhere to this league. America should lead in a determined effort to abolish international ignorance and hate, because America has become at last the financial and the commercial leader and should now become the moral and the spiritual leader of mankind.

The Democracy of America has now a great opportunity to make still more glorious the great Democratic principles of justice and liberty in America and throughout the world. The God of Democracy is a spirit, and they who worship Him must worship Him in spirit and in truth.

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Congressional Record.

SIXTY-EIGHTH CONGRESS, FIRST SESSION.

THE INNER SECRETS OF EUROPEAN DIPLOMACY DISCLOSED FOR THE FIRST TIME TO THE AMERICAN PUBLIC.

How European Diplomacy Affects American Welfare—No Foundation Whatever for Canceling the Debts Due America—American Prices and Taxes: The Payment of a Bonus Seriously Affected by European Instability Due to Secret European Diplomacy.

SPEECH

OF

HON. ROBERT L. OWEN,

OF OKLAHOMA,

IN THE SENATE OF THE UNITED STATES,

December 18, 1923.

Mr. OWEN. Mr. President, the interest of the American people is affected in many ways by the present instability in Europe. Until the nations are stable they can not repay the loans due the United States, and we can not reduce taxes as we should be able to do. The European demand for American goods, the ability to pay for such products, the internal effect on the prices of agricultural products and manufactures all depend on European stability, as well as the equally important matter of world peace and international good will.

If American ideals were accepted by the statesmen of Europe—the ideals of international understanding and good will, of international justice and helpfulness—the European nations could disarm, balance their budgets, stabilize their currency, go into maximum production, and into an era of prosperity and peace.

Under those conditions America could afford to make loans to Europe sufficient to assist them meet such objects.

Europe is still suffering somewhat from the old ideals which formerly dominated their respective foreign policies in which commercial imperialism sought by bayonets and intrigue to expand the power and prestige of each nation.

Previous to 1914 Russia, France, Great Britain, and Germany conspicuously were seeking to expand their control or hegemony over large areas of the earth's surface in Africa, Asia, and elsewhere, occupied by the unenlightened and ignorant peoples of the earth, as well as in Europe.

Great Britain, through its foreign office, its military and naval power, during many generations had established under such a policy great colonies throughout the world until its rule governed 440,000,000 people.

Russia occupied and ruled under a like policy about one-sixth of the entire surface of the land of the world and had under its Government 150,000,000 people speaking many languages and dialects.

France, with its colonies, controlled 90,000,000, and had its colonial claims in Asia, Africa, South America, and the islands of the sea. At one time France controlled the lands now occupied by the United States west of the Mississippi River, including Louisiana, and claimed eastern Canada. When we were in the great Civil War the French Government took part in sending and backing Emperor Maximilian in Mexico, and was compelled by the United States to withdraw by show of military force.

Belgium has its Congo, Holland its Java, and Germany had secured portions of Asia, large colonies in Africa, and various islands of the sea.

These ancient Governments controlled their foreign relations through a very compact, powerful, and, to all intents and purposes, imperial government. Old Russia was an absolute monarchy, with a foreign office pursuing what they called a "historic mission," having ever in view the acquisition of larger territory, greater power, trading with the great powers and coercing the smaller powers, planning to get parts of Manchuria and China and Persia, laying covetous eyes on Sweden and Finland, determined on controlling the Dardanelles, desiring to

annex portions of Germany, and expand its power in the Balkans.

The foreign office of France in like manner was a very old and venerable institution, with employees who had spent their lives in the service and who had the ambition and fixed purpose to increase the power, financial and commercial, territorial and political, of "France"—that is, the Government of France—throughout the world.

Under the constitution of 1875, the President of France has a right to make a secret treaty on his *sole authority* without the advice or consent of the French Senate or the French Parliament.

Joseph Barthelemy, French professor of political science, in "Democracy and Foreign Policy, 1917," page 102, makes the following statement of the principles of the French constitution of 1875:

The constitution of 1875 was the result of a transaction brought about, among other things, by the force of conditions between a monarchist majority unable to establish a monarchy and a republican minority. Under all of the fundamental problems of constitutional right it adopted a transactional solution; that is, what it did notably in that which concerned the direction of foreign affairs. Here upon this point is a résumé of the arrangements which should not be forgotten to consider together with the general rules of the parliamentary régime.

First, in principle, the President of the Republic *alone* represents the nation in foreign affairs; it is *to him* are accredited the ambassadors of foreign powers; it is *in his name* in which the ambassadors of France speak; *he* conducts the negotiations; it is *by his signature* that he binds the country in international treaties of which he is the juridical author.

On page 105:

The principle expressly set forth by Article 8 of the law of the 16th of July, 1875, is that the President of the Republic *negotiates and ratifies treaties upon his sole authority.*

On page 109:

Almost all of the great international acts which have marked the turning point of our foreign policies during the half century, almost all those which have exercised a decisive influence on the destinies of France, are the work of the Government alone and have been ratified by the President of the Republic *upon his sole authority.* It is in effect that article 8 of the law of the 16th of July, 1875, does not submit to parliamentary approval the most important perhaps of all the treaties, the great political treaties and the treaties of alliance.

It was under this authority that the secret treaty between Russia and France of 1892 contemplating military operations against Germany was executed and withheld from the French Parliament. It was under this authority that the secret treaties of 1916-17 to divide German and Austrian territory between France and Russia were entered into.

Great Britain's foreign affairs are directed in like fashion by the British foreign office, No. 10 Downing Street, without being directed by or disclosed to the British Parliament.

Sir Edward Grey, in his agreements with the Governments of France and Russia contemplating military and naval cooperation between Russia, France, and Great Britain along the lines worked out by the military and naval staffs of Great Britain, France, and Russia, was able to do so in absolute secrecy. He did not submit these records to parliament until after the war had been entered into by Great Britain. Six times the British Parliament was advised there were no commitments made. (Exhibits 11 and 12—How Diplomats Make War, Neilson; Entente Diplomacy and the World; Un Livre Noir, etc.)

It is of supreme international importance that the world should understand the structure of these foreign offices and what they did in bringing about the World War. How they subsidized and controlled the press, how they formed public opinion through such means, and taught the people to fear and hate each other and build up armies to the limit of their taxing capacity.

Until these methods are thoroughly understood by the world and corrected, the American ideals of international understanding and international good will is impossible of accomplishment.

Until these methods are understood, the great mass of the people who pay taxes and die on the battle field will never be able to realize that their hatred of each other is completely artificial and a result of the ambition and pride of their leaders in charge of foreign affairs. It is necessary to stop the malignant criticism of one people by another people through the press and by public men if war is to end.

THE PEOPLE THEMSELVES NOT RESPONSIBLE FOR WAR.

Many men now think of Germany as composed of bad people of criminal intent who wickedly and with malice pre-pense assailed the innocent, unsuspecting good people of Belgium and France. The people of Germany and of France are equally good.

Of the present population of Germany charged with the payment of reparations, about 20 per cent in 1914 were unborn babes; about 80 per cent of the German people living in 1914 were women and children without knowledge and without political power and absolutely innocent of any wrongful purpose. There is no adequate moral basis upon which they can be charged with the responsibility of the war.

About 10 per cent of the population of Germany were men capable of bearing arms, about 5 per cent capable of some slight service, and about 10 per cent engaged in other services as noncombatants, and these groups are intermingled.

The 10 per cent fit for service had no option whatever about answering the call of mobilization. If any German had dared to do so, such a rebel under the military dynasty of Germany then in control would have faced a drum-head court-martial, a firing squad, an ignominious death, and an odious memory as a coward and a traitor to his country.

The same thing is perfectly true with regard to the men of France, of Russia, of Great Britain, of Belgium, as the case might be.

The people themselves were not responsible for war. If they had been responsible they have certainly paid a terrible penalty, for 8,538,315 of these men were killed or died from wounds, over 21,000,000 of them were wounded, over 7,000,000 were missing, most of whom died without record. The unrecorded women and children who died number many millions more.

If the German and Austrian people were responsible for the war they have been punished; 2,972,000 of them were killed, 7,186,000 were wounded, 3,252,000 were missing.

The total number of killed, wounded and missing in the war was 37,494,000 men and probably half as many women and children died from war and exposure and famine.

The cost of this was over two hundred and eight thousand million dollars (\$208,000,000,000) at a low estimate. (Exhibits 22, 23, 24.)

The people of these countries did not will their own death and destruction. This war was brought on by a few men in charge of government, responsible for government, pursuing policies which probably for the most part they thought wise and necessary to advance what they vainly imagined to be the "glory" and "honor" of their own respective nations. It is futile to denounce the leaders who brought this great war on, but it is essential to the future of mankind to understand what happened and how it happened to prevent again the crucifixion of the world by secret diplomacy.

There are certain noble and splendid qualities which were common to the Russians, the Germans, the French, the British, the Italians, the Belgians, and others. They were all splendidly brave, magnificently loyal and patriotic of heart. They followed their leaders believing that they were defending the best interests of their country.

When detached America went into the war it did so with a clearer vision. We were not fighting the German people as such. We were fighting a military despotism which ruled the German people and had persistently made war on us. We were fighting for liberty and justice as we understood it. We had not a single doubt that the German rulers were exclusively responsible for the war. We had seen them refuse in The Hague conferences to agree to the principle of arbitration and of disarmament. We heard much of their wonderful army, of their annual maneuvers, of their officers drinking the silent toast to "Der Tag." We heard about their invading unprepared and unsuspecting Belgium and France and Russia. We heard of their poison gas and their atrocities in battle.

And now, Mr. President, there has come out of hiding a great mass of evidence previously unknown, previously unsuspected, to which we shall be compelled to give attention and which disclose that the German leaders, bad as they were, were not exclusively responsible for the World War. They were certainly responsible for having seized Alsace-Lorraine in 1870

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and imposed an indemnity of a billion dollars on France which left a terrible grievance in the heart of patriotic French people, which was revenged in the World War. And while during 41 years of the life of the German Empire it did not make war on its neighbors, it continually advocated the doctrine of might. The German leaders taught the value of military preparedness to the utmost limit of their capacity, and they are jointly responsible with the other nations of Europe for the evil consequences which have resulted from this false doctrine and a structure of government irresponsible to the people.

America has believed, on the contrary, in the homely but wise doctrine of Abraham Lincoln, who believed in a government of the people, by the people, and for the people, and who grandly said:

Let us have the faith to believe that right makes might.

Mr. President, the Hohenzollerns and the Hapsburgs, who trusted alone to the sword, and the Romanoffs, who relied alone on brute power, have been punished and we need not reproach them. Nicholas and his family are all dead. The Austrian Emperor and his successor are dead. The Hohenzollerns were compelled to leave Germany and relinquish all power.

With the destruction of the Russian dynasty the secret archives of the Russian foreign office were exposed and printed by the Revolutionary Government. A portion of them have been translated into French under the title "Un Livre Noir," and the former secretary of the Russian Embassy at London, B. De Siebert, has also published 858 secret documents disclosing the policy of the Russian Government and of France and Great Britain in relation to this war and in relation to the world, under the title, "Entente Diplomacy and the World," by De Siebert. It is a "Matrix of the History of Europe 1909-1914," which every student of government should read until he knows the inner secrets of entente diplomacy.

In like manner the secret archives of Germany have been disclosed to view, and of Belgium, and some of the English records have come to light.

These revelations of European diplomacy and of the European methods of conducting foreign affairs should be understood by the American people. Perhaps when the world understands what these records disclose it may become possible for "the common people, who pay the taxes and who die upon the battle field," to exercise a larger influence with their Government leaders and bring about a larger recognition of the importance of international understanding, international good will, international peace and prosperity.

SOME SECRETS OF EUROPEAN DIPLOMACY.

The records to which I have called the attention of the Senate appear to demonstrate that the German militaristic rulers did not will the war, tried to avoid the war, and only went into war because of their conviction that the persistent mobilizations of Russia and France meant a determination on war and were secretly intended as a declaration of war by Russia and France against Germany. The records show that the Russian and French leaders were determined on war, and intended the mobilizations as the beginning of a war which had for many years been deliberately prepared and worked out by the complete plans of campaign through annual military conferences.

In 1892 Russia and France entered into the following treaty:

EXHIBIT I.

APPENDIX C.

THE FRANCO-RUSSIAN ALLIANCE OF 1892.

The French issued after the war, when they first disclosed the terms of this agreement, a special Yellow Book upon this subject. The essential terms of it can be found in the pamphlet of March, 1919, No. 136, of the American Association for International Conciliation. The body of the engagements is as follows:

DRAFT OF MILITARY CONVENTION.

"France and Russia, animated by a common desire to preserve the peace, and having no other end in mind than to ward off the necessities of a defensive war, provoked by an attack of the forces of the Triple Alliance against either of them, have agreed upon the following provisions:

"1. If France is attacked by Germany, or by Italy supported by Germany, Russia shall employ all its available forces to fight Germany.

"2. In case the forces of the Triple Alliance, or of one of the powers which are a party to it, should be mobilized, France and Russia, at the first indication of the event, and without a previous agreement being necessary, shall mobilize all their forces immediately and simultaneously, and shall transport them as near to their frontiers as possible.

"3. The available forces which must be employed against Germany shall be: For France, 1,300,000 men; for Russia, from 700,000 to 800,000 men.

"These forces shall begin complete action with the greatest dispatch, so that Germany will have to fight at the same time in the east and in the west.

"4. The staffs of the armies of the two countries shall constantly plan in concert in order to prepare for and facilitate the execution of the measures set forth above.

"They shall communicate to each other, in time of peace, all the information regarding the armies of the Triple Alliance which is in, or shall come into, their possession.

"The ways and means of corresponding in time of war shall be studied and arranged in advance.

"5. France and Russia shall not conclude a separate peace.

"6. The present convention shall have the same duration as the Triple Alliance.

"7. All the clauses enumerated above shall be kept absolutely secret."

An exchange of letters of transmission and of unimportant comment upon this document by General de Boisdeffre, the army representative who conducted the affair for the French in St. Petersburg.

Two letters from Montebello, French ambassador, to Casimir Perler, President at Paris, and one by Mouravieff, Russian Minister for Foreign Affairs, to Delcasse, French Minister for Foreign Affairs.

A reply by Delcasse.

All these intermediate documents are summed up in the report of Delcasse himself to Loubet, President of the French Republic, on the 12th of August, 1899, when Delcasse has to report what he considers, after a visit to St. Petersburg, a strengthening of this alliance, so that it will outlive even the dissolution of the Triple Alliance, against which the original arrangement was supposed to be a justifiable protection. The following is Delcasse's report in full:

[Delcasse, Minister of Foreign Affairs, to Loubet, President of the French Republic.]

PARIS, August 12, 1899.

M. DEAR PRESIDENT: Your excellency knows with what idea in mind I went to St. Petersburg. Our arrangements with Russia are of two kinds—a general diplomatic agreement, expressed in the letters of August 9, 21, 1891, and August 15, 27, 1891, signed by Giers, Mohrenheim, and Ribot, and which stipulated that the two Governments will consider in concert any question capable of putting the peace of Europe in jeopardy; and a military convention of December 23, 1893, to January, 1894, which concerns an aggressive act on the part of one of the powers of the Triple Alliance, and whose duration is limited to the duration of the Triple Alliance.

But what would happen if the Triple Alliance should dissolve otherwise than by the volition of all its members; if, for example, Emperor Francis Joseph, who seems at times the only bond between rival and even enemy races, should suddenly disappear; if Austria were threatened by a dismemberment, which perhaps is, after all, desirable, which perhaps might be countenanced, and which, in any case, one might become anxious to turn to account? What could be more capable of compromising the general peace and of upsetting the balance between the European forces? And what situation, furthermore, would more deserve to find France and Russia not only united in a common plan but ready even for its execution?

Now, it is just at the precise moment when the military convention should work that it would cease to exist; born of the Triple Alliance, it would vanish with it. That is a deficiency which has troubled me constantly since I became Minister of Foreign Affairs, and it has been my firm resolve to neglect no opportunity to overcome it. I have found in your lofty and prudent patriotism a powerful support. Sure of receiving from Emperor Nicholas a friendly welcome, I decided to return to Count Mouravieff, whose views have always been in perfect accord with mine, the visit which he paid me in Paris last October. Arriving in St. Petersburg Friday evening, the 4th of August, I was invited to breakfast with their majesties on Sunday at Peterhof. After breakfast the emperor took me into his study. First he was good enough to tell me what esteem and approval my conduct during the last Franco-English crisis had aroused in him. We ran over the different problems which had arisen during the course of the year and reviewed the general world situation. Then, approaching the relations between France and Russia, I revealed to the emperor my belief and apprehension that the alliance would be disarmed in case one of those very events should arise in view of which it was formed: "Since our agreement of August, 1891, execute all important questions, does not Your Majesty think that the military convention of 1894, which is the instrument for making that agreement effective, should have the same duration—that is to say, as long as the general and permanent interests of our two nations remain solidary; and do you not think also that the work of Emperor Alexander III and of President Carnot will surely receive the confirmation of Your Majesty and of the new President of the French Republic?"

The emperor assured me that such was his feeling; that he was anxious to continue essentially in the path indicated by his father

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and to draw closer the bonds forged for the common good of France and Russia. At that moment I took the liberty of submitting to the emperor the draft of a declaration which I had drawn up that morning. In it the arrangement of 1891 is solemnly confirmed, but the scope is singularly extended; while in 1891 the two Governments expressed anxiety only for the maintenance of the general peace, my plan provides that they should concern themselves just as much with "the maintenance of the balance between the European forces."

In short, by attaching the military convention to the diplomatic arrangement this plan assures to it the same duration.

The emperor seemed to think that I had expressed his idea exactly. He called Count Mouravieff, to whom, at his majesty's request, I read the declaration. An understanding already existed between the Minister of Foreign Affairs and myself on the fundamental basis of the plan. It was decided that the new arrangement, of which the contents and the very existence should remain absolutely secret, should be established undeniably in the form of letters which Count Mouravieff and I would exchange. That was done Wednesday morning, the day I left St. Petersburg.

DELCASSE.

In pursuance of this treaty the military staffs of France and Russia entered into a military conference, August 31, 1911, printed by Foreign Affairs, in London, September, 1922, under the title, "The Great Fraud," is as follows:

EXHIBIT II.

THE GREAT FRAUD—HOW THE RUSSIANS AND FRENCH PREPARED FOR WAR.

I. (IN 1911.)

In our article last month, "The Poison that Destroys," dealing with the alleged allied unpreparedness for the war, we wrote: "The legend of French and allied unpreparedness was exclusively for British consumption." The document published below reveals the French and Russian generals discussing their war plans over a table in the palace of the Russian Czar—exactly three years before the war began. It shows how these poor unprepared States, the victims of German aggression—France and Russia—were even then discussing a military offensive against the Central Powers which should be camouflaged diplomatically as a "defensive" war. We see them reckoning up the immense forces—1,300,000 (minimum) French and 800,000 (minimum) Russians—which would be available for overwhelming Germany; how she must be attacked simultaneously on the east and west. We see that they knew perfectly well that Germany would seek to avoid the pincers by striking rapidly at France, using the "Belgian corridor," as Lord Loreburn calls it, into France. We observe the assurance of the French chief of staff that (even then) the French Army could concentrate as rapidly as the German and was in a position "to take the offensive against Germany, with the help of the British Army on its left flank."

Turn from that picture to the statements made to us by ministers and their henchmen from a hundred platforms when the war broke out three years later; France and Imperial Russia dreaming of naught but peace; Europe suddenly startled out of her repose by the Kaiser's predatory legions: "We were all caught unprepared" (Mr. Lloyd-George).

Then glance—when you read about the French offensive "with the help of the British Army on its left flank"—at Mr. Asquith's speeches in the House of Commons: "There is no secret arrangement of any sort which has not been disclosed and fully disclosed to the public * * * (November, 1911), and again, "As has been stated * * * there are no secret engagements with any foreign Government that entail upon us any obligations to render military or naval assistance to any other power" (December, 1911).

And estimate the extent of the deception practiced upon the British Nation. (Ed. Foreign Affairs.)

This was the seventh Franco-Russian military conference.

MINUTES OF THE MEETINGS OF THE FRENCH AND RUSSIAN CHIEFS OF STAFF AT KRASNOE-SELO, AUGUST 18 (31), 1911.

In accordance with paragraph 1 of article 4 of the military convention of August 17, 1892, the heads of staffs of the Russian and French armies met in conference at Krasnoe-Selo August 18 (31), 1911. The French military *attaché* was present as secretary. The various points of the convention (this refers to the Franco-Russian military convention which, since 1892, had been the basis of Franco-Russian relationship. It was kept secret until 1920) were successively examined by the conferring parties, and gave rise to the following exchange of views:

Preamble.

The two chiefs of staff declare, by common accord, that the words "defensive war" must not be interpreted in the sense of a war which would be conducted defensively. They affirm, on the contrary, the absolute necessity for the Russian and French armies to adopt a vigorous offensive, and as far as possible a simultaneous one, in conformity with the text of article 3 of the convention, whose terms provide that "the

forces of the two contracting powers shall come into full action with all speed. (The "defensive" war was strictly for diplomatic purposes it will be observed.) (*Les forces des deux puissances contractantes s'engagent à fond et en toute diligence.*)

ARTICLE 1.

Same observations as in the conference of 1910, reading as follows: "The two chief of staff, confirming the viewpoint of preceding conferences, are entirely in accord on the point that the defeat of the German armies remains, whatever the circumstances may be, the first and principal object of the allied armies."

ARTICLE 2.

Same observations as in the conference of 1910, reading as follows: "The conferring parties express once more their common accord, arrived at in the conference of April 8 (21), 1906 (par. 2 of Chap. I), that the mobilization of the Germany Army compels Russia and France to mobilize immediately and simultaneously all their forces upon the first news of the event and without a preliminary understanding being necessary; but that in case of a partial or even general mobilization of Austria or Italy alone this (preliminary) understanding appears indispensable to them. They therefore agree to invite their respective Governments to be good enough to settle this point, which has already attracted the attention of their predecessors."

ARTICLE 3.

Sharing the opinion of their predecessors, the conferring parties, in common accord, think that Germany will direct a greater portion of her forces against France and will only leave a minimum of troops against Russia.

General Duball points out that new arguments for this view are to be found in the recent improvements undertaken by the Germans in their network of western railways—open lines, sheds, landing places—and by the fortifications erected on the French frontier.

The French chief of staff thereupon submits the following considerations:

"From what is known of the German mobilization and concentration, one may conclude that the first great encounters will probably take place in Lorraine, Luxemburg, and Belgium (so vanishes the legend of the shocked surprise with which the allied Governments learned of the German invasion of Belgium) from the fifteenth to the eighteenth day."

At that moment the strength of the French Army will be greater than the 1,300,000 men provided for by article 3 of the convention.

It is believed that the Germans will conduct hostilities with the greatest possible energy, in order to impose from the first day their will upon the enemy and to obtain the decision (initiative (?)) or at least to reduce the French to the defensive. In the event of success they would thus be in a position to turn the greater portion of their forces against the Russians.

The French chief of staff has reasons to believe that in the actual circumstances (August, 1911) if Germany provoked war neither Austria nor Italy would immediately follow her.

General Gilinsky agrees that Italy would not, but thinks, on the other hand, that Austria will be compelled to come in with the Germans (*prendre fait et cause pour*), if only out of gratitude for the support given by the latter to Austria in Bosnia and Herzegovina.

General Duball, continuing his exposition, indicates on general lines the French mobilization and concentration.

He shows that the French Army concentrates as rapidly as the German Army, and that as from the twelfth day it is in a position to take the offensive against Germany, with the help of the British Army on its left flank. (In accordance with the secret arrangement between the British and French general staffs, begun in January, 1906, by the joint decision of Lord Grey and Lord Haldane, but concealed from the nation and even from the Cabinet (except Mr. Asquith and—so Lord Grey and Lord Haldane have affirmed—the Prime Minister).)

France is therefore ready to march in the sense strictly indicated by article 8 of the military convention of 1892. However, in order to be assured of success, it is necessary that she should receive the simultaneous and effective assistance of the Russian Army.

In a word, it is essential that Germany shall be attacked at the same time on the west and on the east. (Just about the time this conference was held Colonel Repington, military correspondent of *The Times*, was saying in that journal: "The possibility of a war on two fronts is the nightmare of German strategists, and, considering the pace at which Russia has been building up her field armies since 1905, the nightmare is not likely to be soon conjured away.")

In view of the profound differences which exist in the geographical, economic, political, and military situation of the allied nations, the difficulty has always been to provide for this simultaneous action which responds to an ideal not actually realizable.

As from 1900, the Russian general staff, in conformity with this point of view, undertook to attack on the eighteenth day with the first *échelon* (body of troops), sufficient to engage victoriously five or six German Army corps supported by a certain number of reserve divisions. (Poor unprepared Russia!)

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In 1908, responding to the same considerations, it envisaged the means adopted in order to give the Germans, from the very beginning of war, the greatest possible anxiety on their eastern flank. (*Idem.*)

It seems that the new disposition of Russian troops in peace time involves certain difficulties from the point of view of prompt intervention at the very commencement of the campaign.

Indeed, in 1910 the passing of the frontier was indicated as taking place only toward the twentieth day.

The French staff can only confirm once more the opinion put forward upon several occasions in the course of the preceding conferences.

As far as it is concerned, the Russian armies should pursue the object of compelling Germany to maintain the greatest possible number of forces on her eastern frontier.

This object, which was the very basis of the military convention of 1892, can only be attained by the offensive.

The effect of this offensive will be the more certain inasmuch as it will take place sooner, will be carried out with greater strength, and will take a more dangerous direction for the enemy.

In these circumstances, and it being admitted by common accord by the conferring parties that the Germans will direct the principal mass of their forces against France, the French chief of staff expresses the desire that the disposition (of the Russian armies) should, as far as possible, allow of taking the offensive with the first *échelon* (body of troops) as from the eighteenth day. Perhaps even this delay might be reduced, thanks to the recent improvements introduced into the Russian mobilization and concentration.

General Duball closes his exposition by remarking that he is not unaware of the various motives which have compelled Russia to revise the disposition of her troops upon her territory in time of peace. He renders a sincere homage to the efforts made during the last three years by Russia to reinforce her military power, and he is happy to note the improvement produced, as a whole, in the friendly and allied army by the latest modifications introduced into the mobilization.

General Gilinsky thereupon develops the Russian point of view. He, first of all, emphatically affirms the will of the Imperial Government to fulfill scrupulously the obligations imposed upon it by the convention.

General Duball hastens to declare that he fully appreciates the loyalty of this declaration at a moment when difficulties are arising in connection with Moroccan affairs and when it is not possible to estimate what the true intentions of Germany may be.

General Gilinsky adds that in view of the actual threats of a conflict the duty of the Russian headquarters staff is to enlighten in a precise manner the French headquarters staff on the actual condition of the Russian Army.

The latter is pursuing its reorganization following the campaign in Manchuria (Russo-Japanese War), but this transformation only really began in 1908—that is to say, four years ago. A great number of improvements are by way of being carried out, but, even using the greatest diligence, the Russian Army will only be complete in heavy artillery in 1913, in light artillery in 1914, and in new infantry munitions in 1916. Moreover, equipment is lacking for the larger portions of the reserve regiments. General Gilinsky gives detailed indications on these points, supported by figures.

He adds that, when the Russian Army will have completed its reorganization, it will put into line forces very superior to the 800,000 men provided for by the convention.

But it is necessary to remark that Austria has made great progress from the military point of view. Her mobilization is now as rapid as that of the Russian Army, and its concentration takes place nearer the frontier. In contradistinction with the situation prevailing up till now, the Russian headquarters staff is constrained to admit that Austria would be in a position to take the offensive before the Russian troops destined to face her.

In these circumstances Russia does not appear to be in a condition to sustain, for two years at least (that is to say, not before 1913. By the spring of 1914, Russia's military chiefs publicly announced their readiness through the organ of the Russian war minister), a war against Germany with a certainty of success. She would certainly be in a position to ward off blows, but perhaps less able to give decisive blows.

Nevertheless, whatever may be the drawbacks specified above in the preparation of the Russian Army for war, the friendly and allied headquarters staff declares it is ready to satisfy in the greatest measure possible the desires expressed by the French headquarters staff.

General Gilinsky notably declares that the mobilized troops of the active army will have completed their concentration on the frontier on the fifteenth day, with the exception of the last trains and convoys, and that efforts will be made to take the offensive from that day, without waiting for the above, which will only be complete on the twentieth day.

General Gilinsky estimated that the measures taken by the Russian headquarters staff will compel the Germans to leave at least five or six army corps on their eastern frontier, in accordance with the French headquarters staff's demand. He also gives detailed indications of the

mobilization and concentration of the Russian Army (effectives, dates of preparation, general disposition, and concentration).

General Dubail thanks General Gilinsky for the sincerity of his explanations on the actual state of preparation of the Russian Army, and declares himself fully satisfied with an offensive which will begin immediately after the fifteenth day, and which would be of a nature calculated to retain at least five or six German army corps on the frontiers of eastern Prussia.

ARTICLE 4.

The chiefs of staff reproduce without alteration the six first paragraphs of the observations concerning article 4 in the conference of 1910, reading as follows:

The conferring parties agree, by common accord, on the following points:

"(1) Conferences between the two chiefs of staff will be periodical and, in principle, annual.

"(2) Moreover, meetings will take place each time that one of the headquarters staffs has expressed a desire therefor.

"(3) The minutes of the conferences will be submitted to the approval of the Government of each country, and a visé of the minister of war and of the prime minister will be attached thereto, so that the chiefs of staffs of the allied armies may refer to this document in the realization of desirable improvements.

"(4) A more continuous and complete form will thus be given for the exchange of information between the headquarters staffs."

In particular, before each conference, an agenda will be drawn up of the points which it is proposed to examine.

The chiefs of staffs particularly insist that the minutes of the conferences shall be submitted to the two Governments for ratification.

As regards routes and means of correspondence in war time, the conferring parties are agreed that wireless telegraphy must take the first place.

The line, Paris-Bobrouisk, is working in a satisfactory way at both ends. It is, however, desirable that the station of Bobrouisk should be furnished with stronger apparatus in order to successfully oppose a systematic mixing up (*brouillage*) (*i. e.*, of the messages).

The station of Sebastopol is not working regularly. The Russian headquarters staff declares that it is to be handed over entirely to the navy, to which it belongs and which absorbs it almost without interruption for its own service, and to establish on the borders of the Black Sea, in some place other than Sebastopol, another station which will belong solely to the army.

The code in peace time has been functioning since 1910. General Dubail states that the code in war time will be probably ready in a month.

The conferring parties are agreed that at the beginning of next October the technical members of the Franco-Russian Commission should assemble again in order to study on the spot the measures of detail to be taken, so that the four stations, Bobrouisk, Paris, Black Sea, and Biserta, should be in a position to carry out the services. The commission of technicians will hold its meetings at Bobrouisk, then in the Crimea, and afterwards at Paris and Biserta.

The other means provided and organized for corresponding in war time are as follows:

(1) Messengers plying between Belgium and Denmark. It is now proposed that this communication shall be carried out *via* England and Denmark.

(2) Telegraphy *via* the United States and the Pacific Ocean, or by the Mediterranean and Turkey.

The idea of a direct cable between France and Russia has been abandoned, as has also the service of carrier pigeons.

ARTICLE 5.

Same observations as in the conference of 1910, reading as follows:

"The conferring parties are agreed that article 5 compels the contracting parties not only not to make peace but also not to cease operations in order to conclude an armistice individually."

ARTICLE 6.

Remains abrogated.

In conformity with the diplomatic arrangement of the month of August, 1899, which was referred to in Chapter I of the conference of July (June (?)) 2 to June 19, 1900, the convention will last as long as the diplomatic arrangements actually in existence, and of which they form the complement.

ARTICLE 7.

No observations.

(Signed) J. GILINSKY,

The Chief of the General Headquarters Staff
of the Russian Army.
DUBAIL,

The Chief of the Staff of the French Army.

(Viséd) MESSIMI

(spelled Messimi, presumably in error),

The Minister of War.

Similar conferences will be found in *Un Livre Noir*, pages 425 to 437, inclusive, on July 13, 1912, and August, 1913, as follows.

Foreign Affairs prints an English translation of the 1912 conference with its comments, as follows:

(The eighth Franco-Russian military conference.)

EXHIBIT III.

THE GREAT FRAUD—HOW THE RUSSIANS AND FRENCH PREPARED FOR WAR.

(II. THE PARIS CONFERENCE OF JULY, 1912.)

We reproduced last month the full text of the minutes (the original texts are in French) of the meetings of the French and Russian chiefs of staff at Krasnoe-Selo in August, 1911. We have now before us the minutes of a similar conference held in Paris in July, 1912. The preamble of this conference and a good deal of the contents are similar to the wording of the 1911 minutes. We therefore indicate the similarity where it exists and do not reproduce the same text, referring our readers to the September issue of *Foreign Affairs*, pages 57-59. These documents show the absurdity of the contention that France and Imperial Russia were not preparing for war and that they were taken by surprise by a German "conspiracy." Next month we shall publish the minutes of the conference between the two staffs in 1913. (Ed. *Foreign Affairs*.)

MINUTES OF THE MEETINGS OF THE FRENCH AND RUSSIAN CHIEFS OF STAFF AT PARIS IN JULY, 1912.

(At the head of the minutes the words "Eighth Conference"—*Huitième Conférence*—are inscribed.)

"In accordance with Paragraph I of article 4 of the military convention of August 17, 1892, his excellency General Gilinsky, chief of staff of the Russian Army, and General Joffre, chief of the general staff of the French Army, met in conference at Paris July 1 (13), 1912.

"The following were also present: General de Curières de Castelnau, first subchief of the staff of the army; Colonel Matton, military attaché to the French Embassy in Russia; Colonel Count Ignatief, military attaché to the Russian Embassy in Paris. The latter officers were present in the capacity of secretaries.

"The following points in the convention were successively examined by the conferring parties and gave rise to the following exchange of views":

PRELIMINARY OBSERVATION.

"In the first place the conferring parties decide that every time they find themselves in accord to accept without change one or more new paragraphs (*ajouts*) in the minutes of the preceding conference, the text will be reproduced integrally in the present minutes. A special reference will be inscribed in the margin of the texts which are thus reproduced. This proceeding will have the advantage of dispensing, as far as possible, with a reference back to the text of the preceding minutes."

PREAMBLE.

"Accepted without comment by the conferring parties." (Same observations as in the 1911 conference. See p. 57, September issue of *Foreign Affairs*.)

ARTICLE I.

"Accepted without comment by the conferring parties." (Same observations as in the 1911 conference. See p. 57, September issue of *Foreign Affairs*.)

ARTICLE II.

"Same comments as in the conference of 1910 and 1911." (See art. 2, 1911 conference, p. 57, September issue of *Foreign Affairs*.) The last sentence in the minutes of the 1912 conference differs and reads as follows:

"This interpretation of the convention has been approved by the Governments of Russia and France in accordance with the signature of the two Governments to the minutes of the conference of August, 1911."

ARTICLE III.

First paragraph identical with the first paragraph of the 1911 conference (see September *Foreign Affairs*, p. 57). Article III of the 1912 conference then goes on as follows:

"General Joffre points out that new arguments in support of this point of view are to be found in the improvements which the Germans are continually making in their network of western railways (open lines, sheds, landing places), and by the measures recently taken in the neighborhood of the French frontier, notably in the Elffel region. The French chief of staff insists upon the capital point that it is in the interest of the Germans to operate successively and separately against France first, and then against Russia. The plan of the Allies must be, on the contrary, to endeavor to attack simultaneously on both sides at once with the maximum of combined effort.

"With this end in view, and basing itself upon the present situation in Italy, which is at war with the Turks, and on the relation of that power with France and Russia, the French staff has established its plan of concentration on the following bases:

"A strict minimum of troops, composed more especially of units of reserve, is left on the frontier of the Alps to defend the passes foot by

foot. The whole mass of the French forces is concentrated from the beginning on the German frontier. The total will greatly exceed the 1,300,000 men provided for by article 3 of the convention of 1892. [The Franco-Russian Military Convention, which was the spinal marrow of the Franco-Russian Alliance.]

"Moreover, the French staff is making such new improvements in the network of the various railway companies as will allow, shortly, one or two days' advance on concentration, and within one year from now an advance (in time) upon the German concentration. Eleven millions of francs are at the present moment being devoted to this work."

"General Joffre exhibits, in support of his explanations, a map on which is set out the French dispositions for concentration."

"General Gilinsky is fully in accord in principle with the chief of the staff of the French Army on the necessity of concordant and timely efforts to direct the bulk of the two allied armies against Germany. He also agrees with the opinion expressed on the subject of the Italian Army, whose action under present circumstances does not seem to be very pressing, at least at the opening of hostilities."

"On the other hand, Austria has greatly developed her military power; she has improved her railways, with an obvious offensive intention, and Russia can not afford a check on the Austrian side. The moral effect would be disastrous. She must therefore devote her forces to face that power at the same time as Germany."

"On the other hand, Sweden had appeared, up to the present, to adopt an expectant attitude, in order to find herself at an opportune moment on the favorable side of the scales. That is not the situation to-day. Instigated and led on by Germany, she would probably join the latter against Russia. This consideration would compel Russia to leave in Finland and around St. Petersburg more considerable effectives than was precedently indicated. Finally, the construction of railways in Asia Minor would enable the Turks to accelerate their mobilization and their concentration. This may lead in the future to the necessity of maintaining larger forces on that side. In any event, the Russian general staff is still resolved to concentrate against Germany a group of forces containing the figure of 800,000 men at least, and is decided to make the offensive action of her armies felt after the fifteenth day of mobilization."

"General Joffre observes that the defeat of Germany will immediately dissipate all the fears which might be inspired by the attitude of Sweden and Turkey."

"It is therefore the annihilation of the German forces which must be pursued at all costs. With this object, the delays of mobilization and concentration of the armies must be reduced to a minimum. The development of railways obviously constitutes one of the essential factors to that end. On that subject, General Joffre remarks that the railway lines utilized by the Russian troops to be transported toward the western portion of the empire are not all double lines. The concentration of the forces would thus be inevitably delayed. On the other hand, it would be seriously accelerated if the single lines, or sections of single lines, were doubled, and even if certain portions were quadrupled, as has already been carried out by the French staff on the national railways. These improvements, he thinks, could be usefully applied (a) by doubling the lines St. Petersburg-Taps-Walk-Riga-Mouraviewo-Kockedary; (b) to the sections Briansk-Gomel, Louninetz-Jabinka, of the Orel line to Warsaw by Brest-Litovsk; (c) a quadrupling of the sections Jabinka-Brest-Litovsk, which will allow the two lines [this may not be an accurate translation. The word used is "courant." It may apply to the railways, or it may refer to advancing bodies of troops.—Ed. Foreign Affairs] coming, one from Moscow and the other from Orel, to join at Brest-Litovsk; (d) the quadrupling of the sections Siedlets-Warsaw, which would bring to this latter town the two lines [this may not be an accurate translation. The word used is "courant." It may apply to the railways, or it may refer to advancing bodies of troops.—Ed. Foreign Affairs] coming from St. Petersburg, on the one side, and from Bologne on the other. Finally, the Russian alignment (*voie russe*) should be used for the lines which are directed from Warsaw, respectively, on Cracow and Thorn."

"General Gilinsky agrees with General Joffre in attributing the highest strategic importance to the development of railways. He points out that in Russia railways can be divided into two categories—one belonging to the Crown, the other belonging to private companies. Improvements are taking place on the former and others are projected. They will be realized in accordance with the resources available. Nevertheless, it does not seem useful to double the line St. Petersburg-Riga-Kochedary, whose eccentric (i. e., *curve*) position, and the neighborhood of the enemy frontiers, make its utilization difficult. In the second category of private railways the State can not exercise a direct and coercive influence. The State has acquired the lines with abnormal (*anormales*) gauges which go from Warsaw toward Thorn and Cracow with the intention of transforming them into normal gauges. The continuity of transport will thus be insured without delay from the heart of the Empire to the western frontier. Finally, General Gilinsky recalls the general reasons which intervene to delay

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the Russian concentration. Whilst in France the railways are always ready, in Russia they have to be mobilized at the same time as the army.

"General Gilinsky develops on its main lines the preparatory measures of concentration and of groupment of the Russian armies directed against Germany."

"General Joffre is in accord with General Gilinsky on the necessity of frankly directing toward the south the center of gravity of these armies, and to dispose the bulk of the forces in conditions which will enable them, either to take the offensive in the direction of Allenstein if the enemy is present in force in eastern Prussia or attempts to debouch on Warsaw, or to maneuver by the left bank of the Vistula to march on Berlin if the enemy has carried out his concentration in the region Thorn-Posen, or if he attempts to leave that base to march on Warsaw or Ivangorod."

ARTICLE IV.

"The chiefs of staff reproduce without alteration the six first paragraphs and observations in article 4 at the conference of 1910, reading as follows":

"Same as in article 4 of the conference of 1911 (see September issue of Foreign Affairs, p. 58), with the exception of the following paragraph:

"The chiefs of staff particularly insist that the minutes of the conferences shall be submitted to the two Governments for ratification." (This paragraph disappears from the 1912 conference.)

The text thereupon continues as follows:

"The means and measures for corresponding in time of war will be perfected and completed according to the wishes formulated in the course of the 1911 conference. At the present moment four posts of the T. S. F. (wireless) allow communication in peace time along the lines Paris-Bobruisk, Bizerta-Sebastopol. Code dictionaries for peace time and for war time have been drawn up and deposited in the Russian and French ministries of war. Instructions have been drawn up to fix the hours for the working of the stations, to determine the indications and signals for reconnaissance, the service codes, and the duties of the section chiefs. The communications which are being daily exchanged at the present time prove that this system of correspondence is thoroughly regular and satisfactory. Nevertheless, in order to improve it still further, the Russian general staff intends to allow the navy the sole use of the station of Sebastopol and to create for the army a special station near Nikolaeff. The commission, which has already been concerned with correspondence by wireless, must satisfy itself that the present French station at Bizerta will suffice to communicate with the two Russian stations in the Crimea, or if it will be necessary to create a new special station for France. Transmission of dispatches by messengers between France and Russia has been recently reorganized through the diligence of the French staff. The correspondence is sent through Scandinavian countries up to the point where code communications can be used in all security. From that point the dispatches are carried to Russia by special officers already appointed. To insure still better communication between France and Russia it might be advisable to study the possibility of utilizing the wireless station already established in Norway. This question will give rise to communications later between the French and Russian general staffs."

ARTICLE V.

Same as in 1911 conference. (See September issue of Foreign Affairs, p. 59.)

ARTICLE VI.

Same as in 1911 conference. (See September issue of Foreign Affairs, p. 59.)

ARTICLE VII.

Same as in 1911 conference. (See September issue of Foreign Affairs, p. 59.)

(Signed) J. GILINSKY,
The Chief of Staff of the Russian Army.
J. JOFFRE,
The Chief of Staff of the French Army.
A. MILLERAND,
The Minister of War.

EXHIBIT IV.

LIBRARY OF CONGRESS,
Legislative Reference Service.

(Translation.)

(Un Livre Nois, Diplomatie d'avantguerre. Paris, 1923, vol. 2, pp. 431-437.)

NINTH CONFERENCE (AUGUST, 1913).

In accordance with the provisions of section 1 of article 4 of the military convention of August 17, 1892, His Excellency General Gilinsky, chief of the general staff of the Russian Army, and General Joffre, chief of the general staff of the French Army, met in conference at St. Petersburg and at Krasnoe-Selo at different times during the month of August, 1913.

Others present were General de Laguiche, military attaché of the French Embassy in Russia; Colonel Count Ignatief, military attaché of the Russian Embassy in Paris; Colonel Berthelot, commander of the Ninety-fourth Infantry Regiment, *aide major général désigné* of the French Army.

The various points of the agreement were successively considered by the conferees and the following views exchanged:

PRELIMINARY REMARK.

First of all the conferees decide that whenever they agree to accept without change one or more paragraphs of the procès-verbal of the preceding conference the text of it shall be reproduced in its entirety in the present procès-verbal.

A special note will be inscribed on the margin of the texts thus reproduced.

This method of procedure dispenses with the necessity for referring back to the text of the preceding report as much as possible.

Preamble (accepted without comment by the conferees): The two chiefs of general staff agree that the words "defensive war" should not be interpreted in the sense of "war to be conducted defensively." They assert, on the contrary, the absolute necessity for the Russian and French armies to take a vigorous offensive and as far as possible simultaneously, in compliance with the text of article 3 of the agreement, according to which "the forces of the two contracting powers shall all come into action with the least delay."

FIRST ARTICLE. Same remarks as in the conferences of 1910 and the following ones, which read as follows:

"The two chiefs of general staff, confirming the point of view of the previous conferences, agree fully on this point, that the defeat of the German Armies remains under all circumstances the first and principal aim of the allied armies."

Completed as follows:

"And this even more so than formerly on account of the considerable growth of the relative military power of Germany in the triple alliance."

ART. 2. Same remarks as in the conferences of 1910, 1911, and 1912.

However, the Russian and French Governments having approved the interpretation of the two chiefs of general staff by signing the procès-verbaux of the conferences of August and July, 1912, these remarks should read as follows:

"As recognized by the Russian and French Governments in 1911 and 1912, German mobilization will compel Russia and France to mobilize all their forces immediately and simultaneously as soon as it becomes known without the need of a previous agreement. *The same will apply to every act of war of the German Army against either of the allied powers.* But in case of partial or even general mobilization of Austria or Italy alone, such agreement is required."

The sentence underlined was added to provide for the possibility of a sudden attack with forces under cover preceding mobilization, for the purpose of gaining an important strategic point.

ART. 3. Sharing the opinion of their predecessors, the conferees agree that Germany will direct the greatest part of its forces against France and will only leave minimum of forces against Russia.

The principal result of the enforcement of the German military law of 1913 will be to hasten the mobilization of the German Army. This army can then have more time than in the past to operate against France before turning against Russia.

The plan of the Allies should then be to try to attack both sides simultaneously, exerting the maximum of combined efforts.

General Joffre declares that France will engage on its northeast frontier almost all her forces, the number of which will exceed that provided for in the text of the convention by more than 200,000 men; that the concentration of the fighting elements on this frontier will be completed, for the most part, on the tenth day of mobilization, and that the offensive operations of this group of forces will commence from the morning of the eleventh day.

General Gilinsky declares that Russia will engage against Germany a group of forces consisting of at least 800,000 men and the concentration of the fighting element on the Russian-German frontier will be completed, for the most part, on the fifteenth day of mobilization, and that the offensive operations of that group of forces will commence immediately after the fifteenth day. By the end of 1914, the end of the concentration will be advanced about two days.

The conferees outline briefly the arrangements made for the concentration and grouping of the French and Russian Armies directed against Germany.

They agree upon the need of directing the offensive against the heart of the enemy country; upon the advisability of concentrating the forces in such a way as to be able to either combat the forces of the enemy concentrated in eastern Prussia or to march to Berlin by starting operations in the south of that province if the German forces are concentrated on the left bank of the Vistula.

Although aware of the need for Russia to maintain large forces against Austria and Sweden, General Joffre thinks that the defeat of Germany will greatly facilitate the operations which the Russian Army shall direct against the other enemy powers. Annihilation of

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the German forces, therefore, must be pushed at any cost, and this from the start. For this purpose delays in mobilization and concentration of the allied armies should be reduced to a minimum.

To this end the development of the railroad system is an essential factor; General Gilinsky states that the construction work recommended in the preceding conference has been carried out as follows:

The sections Briansk-Gomel and Louninetz-Jabinka of the line from Orel to Varsovia have been double tracked.

The section Jabinka-Brest-Litovsk has been quadruple tracked.

As to the quadrupling of Sledletz-Varsovia the difficulties of its execution are too great, and a better result will be obtained by constructing a new line with double tracks starting from Riazan and Toula and ending at Varsovia.

General Joffre agrees on this point.

An examination of the railroad map leads the two chiefs of general staff to conclude that a marked increase in the rapidity of concentration would be obtained by constructing certain railroad lines connecting eastern Russia with the region of Varsovia, such as:

1. Doubling the line Batraki-Pensa-Riazsk-Bogolaylensk-Soukhinitchi-Smolensk.
2. Doubling the line Rovno-Sarny Louninietz-Baranovitchi.
3. Doubling the line Lozovaia-Poltava-Kiev-Sarny-Kovel, constructing the line Grichino-Kovel.

Offensive operations will also be facilitated by adopting the standard gauge on the Russian railroads on the left bank of the Vistula, as well as by increasing the means of crossing the river in the region of Varsovia.

Lastly, it seems that in order to obtain the service required of the railroads the rolling stock (cars and especially locomotives of great power) should be greatly increased.

With respect to the conduct of operations it is quite necessary for the allied armies to obtain a decisive success as quickly as possible. A check of the French armies at the beginning of the war would permit Germany to transfer to its eastern frontier a part of the forces which would have fought at first against France. If, on the contrary, the French armies quickly obtain a success against the German forces facing them, this success will facilitate to that extent the operations of the Russian armies, since the forces brought by Germany to her western frontier will be unable to be transferred to the east.

It is therefore essential that the French armies should have a marked numerical superiority over the German forces of the west. These conditions will be easily realized if Germany is obliged to protect herself with larger forces on her eastern frontier.

General Joffre states that, in this connection, it would be advantageous for both armies to have the Russian forces so grouped in the government of Varsovia, even in peace time, that they constitute a direct menace to Germany.

General Gilinsky states that the new plan of reorganization of the Russian Army provides for the establishment of an army corps in the region of Varsovia.

ART. 4. The chiefs of general staff reproduce without change the first three paragraphs of the observations concerning article 4 in the conference of 1912, which read as follows:

"1. The two chiefs of general staff shall hold periodic and, in principle, annual conferences.

"2. Furthermore, a conference shall be held whenever a general staff shall deem one necessary."

Paragraph 3 could be simplified as follows:

"3. The procès-verbal of the conference shall be submitted for approval to the government of each country so that the chiefs of general staff of the allied armies may rely on this document for the realization of desirable improvements."

Paragraph 4 shall read as follows:

"4. The exchange of information between the allied armies, being of utmost value, will continue regularly and frequently."

Before each conference the points which it is proposed to consider shall be mutually made known.

The ways and means of correspondence in time of war have been perfected according to the wishes expressed in the course of the conference of 1911 and 1912.

The wireless stations of Paris-Bobrouisk and of Bizerte-Sebastopol are functioning well. The station at Bizerte has been reinforced by France; a powerful station is being constructed in Russia near the Black Sea, so that communications may be as easy by day as by night.

Following the attempts at communicating between the Eiffel Tower and the Russian naval station at Sveaborg, it is desirable to see the latter station reinforced.

Telegraphic communications can be exchanged between the French and Russian chiefs of general staff by British cables and with the aid of Great Britain.

The conventions with London have just been concluded, all arrangements have been made, and operations can start.

Cablegrams pass by way of America, Australia, and Zanzibar or by way of South Africa and Zanzibar to reach Odessa.

Communications by emissaries are organized by the French chief of general staff for the transmission of dispatches from France to Russia. It would be advisable for the Russian chief of general staff to organize communications by emissaries on the same plan.

ART. 5. The Russian and French Governments having accepted the interpretation given since 1910 to article 5, said interpretation could read as follows:

"The Russian and French Governments have respectively recognized that article 5 obliges the contracting parties not to stop operations or conclude an armistice separately."

ART. 6. (Accepted without remarks by the conferees.)
Article 6 is repealed as heretofore.

In conformity with the diplomatic agreement of August, 1899, mentioned in chapter 1 of the conference of July 2, 1900, the convention will last as long as the diplomatic agreements now in force which it supplements.

(Translated by Lottie M. Manross, December 13, 1923.)

In 1916 France and Russia entered into a secret treaty to divide German and Austrian territory between Russia and France, as follows:

EXHIBIT V.
APPENDIX D.

Secret agreement of 1916-17 between France and Russia for the disposition of German and Austrian territory.

I.

The Russian Minister of Foreign Affairs (M. Sazonoff) to the Russian ambassador at Paris. February 24 (March 9), 1916:

(No. 948.)

PETROGRAD.

Please refer to my telegram No. 6063 of 1915. At the forthcoming conference you may be guided by the following general principles:

"The political agreements concluded between the Allies during the war must remain intact, and are not subject to revision. They include the agreement with France and England on Constantinople, the Straits, Syria, and Asia Minor, and also the London treaty with Italy. All suggestions for the future delimitation of central Europe are at present premature, but in general one must bear in mind that we are prepared to allow France and England complete freedom in drawing up the western frontiers of Germany, in the expectation that the Allies on their part would allow us equal freedom in drawing up our frontiers with Germany and Austria.

"It is particularly necessary to insist on the exclusion of the Polish question from the subject of international discussion and on the elimination of all attempts to place the future of Poland under the guarantee and the control of the Powers.

"With regard to the Scandinavian States, it is necessary to endeavor to keep back Sweden from any action hostile to us and at the same time to examine betimes measures for attracting Norway on our side in case it should prove impossible to prevent a war with Sweden.

"Rumania has already been offered all the political advantages which could induce her to take up arms, and therefore it would be perfectly futile to search for new baits in this respect.

"The question of pushing out the Germans from the Chinese market is of very great importance, but its solution is impossible without the participation of Japan. It is preferable to examine it at the economic conference, where the representatives of Japan will be present. This does not exclude the desirability of a preliminary exchange of views on the subject between Russia and England by diplomatic means."

SAZONOFF.

II.

Confidential telegram from M. Pokrovsky, M. Sazonoff's second successor as foreign minister, to the Russian ambassador at Paris, January 30 (February 12), 1917.

(No. 502.)

PETROGRAD.

Copy to London confidentially. At an audience with the most high, M. Doumergue submitted to the Emperor the desire of France to secure for herself at the end of the present war the restoration of Alsace-Lorraine and a special position in the valley of the River Saar as well as to attain the political separation from Germany of her trans-Rhenish districts and their organization on a separate basis, in order that in future the River Rhine might form a permanent strategical frontier against a Germanic invasion. Doumergue expressed the hope that the Imperial Government would not refuse immediately to draw up its assent to those suggestions in a formal manner.

His Imperial Majesty was pleased to agree to this in principle, in consequence of which I requested Doumergue, after communicating with his Government, to let me have the draft of an agreement, which would then be given a formal sanction by an exchange of notes between the French ambassador and myself.

Proceeding thus to meet the wishes of our ally, I nevertheless consider it my duty to recall the standpoint put forward by the Imperial

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Government in the telegram of February 24, 1916, No. 948, to the effect that "while allowing France and England complete liberty in delimiting the western frontiers of Germany we expect that the Allies on their part will give us equal liberty in delimiting our frontiers with Germany and Austria-Hungary."

Hence the impending exchange of notes on the question raised by Doumergue will justify us in asking the French Government simultaneously to confirm its assent to allowing Russia freedom of action in drawing up her future frontiers in the west. Exact data on the question will be supplied by us in due course to the French cabinet.

In addition we deem it necessary to stipulate for the assent of France to the removal at the termination of the war of the disqualifications resting on the Aland Islands. Please explain the above to Briand and wire the results.

POKROVSKY.

III.

A telegram from the Russian ambassador in Paris to M. Pokrovsky, January 31 (February 13), 1917:

(No. 88.)

Copy to London. Referring to your telegram No. 507, confidentially, I immediately communicated in writing its contents to Briand, who told me that he would not fail to give me an official reply of the French Government, but that he could at once declare, on his own behalf, that the satisfaction of the wishes contained in your telegram will meet with no difficulties.

ISVOLSKY.

IV.

On February 1 (14), 1917, the Russian foreign minister addressed the following note to the French ambassador at Petrograd:

"In your note of to-day's date your excellency was good enough to inform the Imperial Government that the Government of the Republic was contemplating the inclusion in the terms of peace to be offered to Germany the following demands and guaranties of a territorial nature:

"1. Alsace-Lorraine to be restored to France.

"2. The frontiers are to be extended at least up to the limits of the former principality of Lorraine, and are to be drawn up at the discretion of the French Government so as to provide for the strategic needs and for the inclusion in French territory of the entire iron district of Lorraine and of the entire coal district of the Saar Valley.

"3. The rest of the territories situated on the left bank of the Rhine, which now form part of the German Empire, are to be entirely separated from Germany and freed from all political and economic dependence upon her.

"4. The territories of the left bank of the Rhine outside French territory are to be constituted an autonomous and neutral State, and are to be occupied by French troops until such time as the enemy States have completely satisfied all the conditions and guaranties indicated in the treaty of peace.

"Your excellency stated that the Government of the Republic would be happy to be able to rely upon the support of the Imperial Government for the carrying out of its plans. By order of His Imperial Majesty, my most august master, I have the honor, in the name of the Russian Government, to inform your excellency by the present note that the Government of the Republic may rely upon the support of the Imperial Government for the carrying out of its plans as set out above."

V.

Finally, on February 26 (March 11), 1917, the Russian ambassador at Paris sent the following telegram to M. Pokrovsky:

(No. 168.)

See my reply to telegram No. 167, No. 2. The Government of the French Republic, anxious to confirm the importance of the treaties concluded with the Russian Government in 1915, for the settlement on the termination of the war of the question of Constantinople and the Straits in accordance with Russia's aspirations, anxious, on the other hand, to secure for its ally in military and industrial respects all the guaranties desirable for the safety and the economic development of the Empire, recognize *Russia's complete liberty in establishing her western frontiers.*

ISVOLSKY.

Bausman says:

On the very next day (March 12) the Russian Revolution took place, and on March 15 the Tsar abdicated.

THE PRESENT POSITION (BAUSMAN).

Apparently the design of driving Germany back to the left bank of the Rhine has now been abandoned by the French Government, although there has been no official statement to this effect.

Mr. Balfour, in the House of Commons, on December 19, 1917, said of this plan:

"We have never expressed our approval of it, nor do I believe it presents the policy of successive French Government who have held

office during the war. Never did we desire and never did we encourage the idea that a bit of Germany should be cut off from the parent State and erected into some kind of, * * * independent Government on the left bank of the Rhine. His Majesty's Government were never aware that was seriously entertained by any French statesman."

It must be noted in this connection that by the declaration of September 5, 1914, the Allies undertook to make peace in common. Any arrangement between France and Russia therefore equally affects Great Britain.

In the light of these treaties and these military conferences, I call attention to chapter 12 of "Entente Diplomacy and the World," giving the dispatches showing the Entente preparations for war. Exhibit 6.

And the Falsification of the Russian Orange Book.

In 1906 Sir Edward Grey, on behalf of the British Government, entered into an agreement with France which in 1912 he reduced to writing, as follows:

EXHIBITS VIII AND IX.

(Letter Sir Edward Grey to French Ambassador Cambon, Nov. 22, 1912.)

MY DEAR AMBASSADOR: From time to time in recent years the French and British military and naval experts have consulted together. It has always been understood that such consultation does not restrict the freedom of either Government to decide at any future time whether or not to assist the other by armed force. We have agreed that consultation between experts is not and ought not to be regarded as an engagement that commits either Government to action in a contingency that has not yet arisen and may never arise. The disposition, for instance, of the French and British fleets, respectively, at the present moment is not based upon an engagement to cooperate in war.

You have, however, pointed out that if either Government have grave reason to expect an unprovoked attack by a third power, it might become essential to know whether it could in that event depend upon the armed assistance of the other.

I agree that if either Government had grave reason to expect an unprovoked attack by a third power, or something that threatened the general peace, it should immediately discuss with the other whether both Governments should act together to prevent aggression and to preserve peace, and, if so, what measures they would be prepared to take in common.

If these measures involved action, the plans of the general staffs would at once be taken into consideration, and the Governments would then decide what effect should be given to them.

[The last vital paragraph was not read to Parliament by Grey, although afterwards published in the White Book.] (How Diplomats Make War, 303.)

The French ambassador, Cambon, immediately replied in the following letter:

FRENCH EMBASSY,
London, November 23, 1912.

DEAR SIR EDWARD: You reminded me in your letter of yesterday, November 22, that during the last few years the military and naval authorities of France and Great Britain had consulted with each other from time to time; that it had always been understood that these consultations should not restrict the liberty of either Government to decide in the future whether they should lend each other the support of their armed forces; that on either side these consultations between experts were not and should not be considered as engagements binding our Governments to take action in certain eventualities; that, however, I had remarked to you that if one or other of the two Governments had grave reasons to fear an unprovoked attack on the part of a third power it would become essential to know whether it could count on the armed support of the other.

Your letter answers that point; and I am authorized to state that in the event of one of our two Governments having grave reasons to fear either an attack from a third power or some event threatening the general peace, that Government would immediately examine with the other the question whether both Governments should act together in order to prevent aggression or preserve peace. If so, the two Governments would deliberate as to the measures which they would be prepared to take in common. If those measures involved action, the two Governments would take into immediate consideration the plans of their general staffs and would then decide as to the effect to be given to those plans.

Yours, etc.,

PAUL CAMBON.

(How Diplomats Make War, 279.)

In 1914 Sir Edward Grey delivered copies of these letters exchanged between him and the French ambassador to the Russian ambassador as a basis for an entente between Great

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Britain and Russia (see ch. 12, Entente Diplomacy and the World, p. 709), under which a plan of naval cooperation between Great Britain, Russia, and France was worked out.

When the German rulers ordered a German mobilization, 5 p. m., Saturday afternoon, August 1, it was followed immediately by the marching of regiments through London equipped for war the following morning, Sunday, August 2, 1914. (How Diplomats Make War, Neilson, p. 295.)

French troops invaded German soil Sunday, August 2, 1914. (Reflections of the World War, p. 145.)

On Saturday, the 1st day of August, the German border was crossed in four places by Russian patrols. (Preparation and Conduct of the World War, Von Kuhl, pp. 79-80.)

Germany declared a state of war existing with Russia, because of Russian acts, on August 1, 1914, 7.10 p. m.; with France, August 3, 1914; Belgium, August 4, 1914. (Scott Documents on World War, p. 1377.)

France declared war against Germany on August 3, 1914; Great Britain against Germany, August 4, 1914; Russia against Germany, August 7, 1914. The evidence appears to show that it was the Russian policy to invade Germany without a declaration of war and to make its mobilization complete under the camouflage of peaceful negotiations. (Von Kuhl, pp. 79-80.)

In the Russian Czar's orders for mobilization, 30th of September, 1912, Chancellor Von Bethmann-Hollweg quotes the following language:

It is the Emperor's order that the notification of the mobilization should be equivalent to the notification of a state of war with Germany.

In other words, the Russian mobilization order was to be regarded as a secret declaration of war.

Hollweg further states that the Russian instruction for the troops on the German front was:

As soon as concentration is completed we shall proceed to advance against the armed forces of Germany with the object of carrying the war on to their own territory. (Reflection on the World War, p. 132.)

This was strictly in line with the Franco-Russian treaty of 1892 and the military conferences of 1911, 1912, and 1913.

It will be observed that under the Franco-Russian secret treaty of 1892, section 1, it was provided that in case of war Russia should employ all its available forces to fight Germany and that the military and naval staffs, in the military conference above quoted, expressly contemplated that the German Army should be obliged to attack France through Belgium, and stipulated:

The French Army could concentrate as rapidly as the German Army, and that as from the twelfth day it is in a position to take the offensive against Germany with the help of the British Army on its left flank.

And thus clearly outlines the cooperation agreed upon between Russia, France, and Great Britain.

The conference states:

It is essential that Germany shall be attacked at the same time on the east and on the west.

But the most important light is thrown upon the matter by the preamble in the minutes of the meetings of the French and Russian chiefs of staffs, as follows:

PREAMBLE.

The two chiefs of staff declare, by common accord, that the words "defensive war" must not be interpreted in the sense of a war which would be conducted defensively. They affirm, on the contrary, the absolute necessity for the Russian and French armies to adopt a vigorous offensive, and, as far as possible, a simultaneous one, in conformity with the text of article 3 of the convention, whose terms provide that the forces of the two contracting powers shall come into full action with all speed!

The Franco-Russian treaty, 1892, provided "In case the forces of the triple alliance or of one of the powers which are a party to it" [for example, Austria] "should be mobilized, France and Russia, at the first indication of the event and without a previous agreement being necessary shall mobilize all their forces immediately and simultaneously and shall transport them as near to their frontiers as possible." * * * "These forces shall begin complete action with the greatest dispatch, so that Germany will have to fight at the same time in the east and in the west."

Therefore when Austria partially mobilized in ignorance of the terms of this secret Franco-Russian treaty of 1892, Russia and France were under a secret contract to immediately mobilize and attack Germany with all their forces. This was a secret declaration of war on Germany as of the date of the Austrian mobilization, July 28, 1914.

The Russian and French mobilizations, which were begun under the treaty of 1892, must be interpreted in the light of that treaty and the annual military conferences from 1903 to 1913 of the general staffs of the Russian and French Armies.

RUSSIAN PREPARATIONS.

The manner in which the Russian military and railway preparations and mobilization had been worked out is set forth in the work of Von Eggeling, The Russian Mobilization and the Outbreak of the War, and by Gen. H. von Kuhl in his work, The German General Staff in Preparation and Conduct of the World War, an abstract of which is submitted. Exhibit X.

All the military authorities in Europe knew and recognized, as a matter of military strategy, that in a war between Germany, Russia, and France, the German troops would be compelled to enter France through Belgium, as the French frontier otherwise was absolutely impregnable because of the gigantic forts and prepared military defenses.

Further the military strategists were all agreed that Germany's only chance to win in such a military struggle was by speed and efficiency, conquering France first, and then meeting Russia.

Germany claimed that while Belgium had never collaborated with Germany to preserve Belgium's neutrality against France and Great Britain, Belgium had a positive understanding with Great Britain and France as to cooperation in a war of France and Great Britain with Germany. See Belgian documents in facsimile in German White Book [pp. 837 to 860, Diplomatic Documents Relating to Outbreak of the European War. Scott].

The secret documents exhibited in "Entente Diplomacy and the World," 858 in number, demonstrate beyond the shadow of a doubt that it was the fixed policy of the Russian Government to control the Dardanelles and expand its power in the Balkan States where there were millions of Slavs in Serbia and in Austria, and that this could only be done by means of a general European war. It was therefore necessary for the carrying out of the Russian policy to bring about a general European war and at the same time to put the moral responsibility of such a war on others. These secret documents show that it was the design of the Russian Government to do this, and that the means of accomplishing this end lay through the Slavs of Serbia and their intrigues with the so-called "un-liberated Slavs of Austria."

The Serbian intrigues through a period of years were financed by Russia and the Austrian Government was so seriously disturbed by these intrigues that they were compelled at huge expense and great internal inconvenience to mobilize in 1912, and again in 1913, and again in 1914, when the Crown Prince of Austria and his consort were murdered by a Serb believed to have been instigated by a malignant press campaign carried on in Serbia and alleged to have been directly arranged by the Pan Slav "Black Hand," fostered by the Russian minister at Belgrade.

In Professor's Sloan's work, "The Balkans," page 193, May, 1914, he says:

At Belgrade the trade of politics has been on a level unknown elsewhere, unless it be at Constantinople. The overthrow of one king and the setting up of another was a matter of money, and it was the Russian ambassador who provided the funds. The whole conspiracy has been traced to its source; there is not a step for which the documentary evidence can not be produced.

Nitti, in his book "Peaceless Europe," pages 12, 83, 84, 87, says:

Russia alone promoted and kept alive the agitation in Serbia and of the Slavs in Austria. It was on account of Russia that the Serbian Government was a perpetual cause of disturbance, a perpetual threat to Austria-Hungary. The Russian policy in Serbia was really criminal.

In 1908 the Czar had assured Paschitch, the Serbian minister, that the Bosnia-Herzegovinian question would be decided by war alone, for which meantime they could preserve a calm attitude with military preparations. (Bogitsevitch quoted in Diplomatic Revelations, p. 101.)

In the German White Book, 1919, Part II, page 53, is an account of a visit of the Serbian Prime Minister to the Czar of Russia, February 2, 1914, and his report that he requested of the Czar 120,000 rifles and munitions, and so forth; that the Czar said that Russia was doing as much as it could to arm. He asked how many soldiers Serbia could muster. The minister answered a half million well-clothed, well-armed soldiers. The Czar replied:

That is satisfactory; it is no small matter and one can accomplish much by means of it.

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Under the treaty of 1892 France had financed Russia to the extent of about \$7,000,000,000 to enable Russia to build up a gigantic army and to build military railways to the German frontier (Lex Tallonis).

The assassination of the Crown Prince (June 28, 1914) caused the Austrian Government to demand immediate satisfaction of the Serbian Government on July 23.

On July 24 Serbia mobilized, but accepted the Austrian demands, except one or two affecting the question of sovereignty, which they proposed to arbitrate. Austria ordered a partial mobilization against Serbia. The same day the Russian Government authorized a mobilization, and the Russian Minister of War, Sukhomlinoff, made it a general mobilization and afterwards made the Czar believe it was a partial mobilization, which the Czar made a general mobilization on July 30. The army of Belgium was mobilized as of this day, July 24. The British fleet was completely mobilized and ready for war as of July 24. The French Government took preliminary steps, canceling leaves of absence, and so forth.

René Viviana, president of the council, August 4, 1914, in the French Chamber of Deputies, in commenting on the Austrian notice to Serbia of July 23 and subsequent events, said:

As these events unfolded themselves, the Government, watchful and vigilant, took from day to day, and even from hour to hour, the measures of precaution which the situation required—the general mobilization of our forces on land and sea was ordered.

Under the secret 1892 treaty the Austrian mobilization required the immediate mobilization of all the Russian and French forces and the speediest possible simultaneous attack on Germany east and west.

William II was in Scandinavia on a summer cruise, returning on Sunday, July 26. Upon his return he directed the German chancellor to urge on Austria the acceptance of the Serbian reply and the acceptance of a method of adjustment acceptable to the entente powers. Austria yielded to this demand, declared that the demand on Serbia was not intended as an ultimatum, that Austria was willing to have the matter adjusted by an international conference, that it had no designs on Serbian territory, that it had only made a partial mobilization against Serbia, and that it only sought its own internal peace against Serbian intrigue.

The secret Russian records show that the Russian Government was determined on war, that the French Government was determined on war, that the French Government refused to attempt to moderate the attitude of Russia, and that the British Government refused to attempt to exercise a moderating influence with the Russian Government, and that the Russian Government rejected in advance any attempt to exercise a moderating influence with the Russian Government.

These secret documents show that it was a part of the policy of the French and Russian Governments to put the odium of the World War upon the German Government.

The German chancellor, Von Bethmann-Hollweg, states that:

The German minister of war thought it a mistake to declare war on Russia, not because he considered that war could be avoided after Russia had mobilized, but because he feared that the political effect would be prejudicial.

But that the chief of the general staff favored declaring war: Because our hope of success against the enormous superiority in numbers was dependent on the extreme rapidity of our movements.

And this opinion prevailed. (Reflections of the World War, 138.)

Because Germany declared war on Russia and mobilized at 5 p. m., Saturday, August 1, 1914, public opinion throughout the world has largely accepted the view that the German leaders were responsible for the war. This has been emphasized and made more effective by propaganda and by the excitement and hostility of war.

After August 1, 1914, Russia and the various powers issued Orange Books, White Books, Yellow Books, etc., each of which was intended to prove an alibi and show that each of the several Governments was innocent of the responsibility for the pending gigantic catastrophe.

The Russian Foreign Office issued an Orange Book to show the innocence of the Russian Government. Out of 60 dispatches in the Foreign Office for the few days preceding the World War, it appears that 50 of them were falsified by omissions, deletion or insertion. (Exhibit 7.)

This document shows by its forgeries in suppressing the vital dispatches a fixed policy to exculpate the Russian and French statesmen and make it possible to cast the odium of the war on the German statesmen.

G. P. Gooch appears to be justified (Falsification of the Russian Orange Book) in stating:

It is now established by documentary proof:

1. That from the commencement of the quarrel onwards France made the Russian point of view her own.

2. That in complete contrast to Germany's effort in Vienna she categorically refused to exert herself in a moderating influence in Petersburg, but, on the contrary, strengthened the Russian will to war by giving repeated assurances of unconditional support.

3. That she had decided upon war and had informed Petersburg to that effect before a decision regarding war or peace had been apparently come to there. (Telegram No. 216 from Paris.)

4. That France only refrained from declaring war against Germany, because, having regard to public opinion in France and England, it was considered to be better that Germany should appear the aggressor. (Telegrams Nos. 218, 222, 225, 226.)

Any evidence from Russian or French sources favorable to the German Government obviously is entitled to great weight, while self-serving evidence of the Russian statesmen must be taken with reserve.

THE ORANGE BOOK AS CORRECTED FROM UN LIVRE NOIR.

Telegram 184 (Falsification of the Russian Orange Book, p. 21), the Russian Minister of Foreign Affairs Sazonoff, on July 24, states:

*Germany ardently desired the localization of the conflict, as the interference of any other power on the ground of existing treaties must have incalculable consequences. * * * Ex-Minister Pichon had an interview with the Austrian ambassador to-day, from which he also gained the impression that Austria-Hungary did not intend her step to be regarded as an unconditional ultimatum.*

Telegram 186, from the Russian representative at Paris to Sazonoff, Petrograd, on July 25, said that the action of the German ambassador—

*has to some extent reassured the foreign ministry as being an indication that Germany does not seek for war in any case. * * **

That the German Ambassador had pointed out—

*That the Austrian note has not the character of an ultimatum; * * * that the German step had only for its object the localization of the Austro-Serbian conflict; * * * that the absence of the President of the Republic and of the Minister President (Viviani) prevents the foreign office for the moment from expressing its opinion definitely regarding present events.*

POINCARÉ AND VIVIANI WERE EN ROUTE FROM ST. PETERSBURG TO PARIS.

Telegram 187, July 26, from the Russian representative at Paris to Sazonoff, Petrograd, states that the German ambassador had advised the French Minister for Foreign Affairs:

Austria has declared to Russia that she seeks no territorial gains and does not threaten the integrity of Serbia. Her sole object is to secure her own peace and to maintain order.

Telegram 188, July 26, from the Paris Russian representative to Sazonoff says that Berthelot, the director of the political department of France, inclines to the opinion—

That Germany and Austria do not desire war in any case.

Telegram 1521, July 27, Sazonoff, Russian foreign minister, to Izvolski, Russian ambassador in Paris:

*If there is a question of exercising a moderating influence in Petersburg, we reject it in advance, as we have adopted a standpoint from the outset which we can in no way alter. * * **

Telegram 194, Izvolski wired that Poincaré will return to Paris on Wednesday, July 29 (five days after Belgium mobilization, four days after Russian general mobilization had begun, and on the next night, July 30, the French Minister of War told the Russian military attaché the French Government was determined on war, telegram 216).

Telegram 195, July 27th, the German Ambassador is shown urging a new proposal for the intervention of France and Germany between Russia and Austria, which was not accepted. Izvolski says in this regard:

I was surprised at the correct understanding of the situation manifested by the acting minister and his assistant and to see how firm and tranquil they were in their determination to extend to us their fullest support and to avoid the slightest appearance of any lack of unity between us.

Telegram 197, July 27, Izvolski to Sazonoff:

M. Cambon (French ambassador in Berlin) telegraphs from Berlin that in reply to his question as to what attitude Germany would adopt toward a partial mobilization by Russia, Jagow (German secretary of state for foreign affairs) replied that a mobilization of that kind would not result in German mobilization, but that if Russia

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attacked Austria, Germany would immediately reply by attacking Russia.

Telegram 1539, July 28, Sazonoff to Izvolski:

In consequence of Austria-Hungary's declaration of war against Serbia, we shall announce tomorrow a mobilization of the Odessa, Kieff, Moscow, and Kazan military districts. In bringing this to the notice of the German Government repeat that Russia has no aggressive intentions against Germany. Meanwhile our ambassador in Vienna is not being recalled.

Sukhomlinoff had already issued a general mobilization order of the Russian Army. He "lied to the Czar" as to its being a general mobilization ("Eggerling"), said it was partial, and pretended that he had stopped the mobilization, although he did not do so. The Czar, however, July 30, authorized the general mobilization. (Let France Explain, p. 201.)

Telegram 198, July 28, Izvolski to Sazonoff:

I deem it my duty to make clear that, as results from my conversation yesterday at the Quai d'Orsay, the acting French Minister for Foreign Affairs did not for a moment admit the possibility of exercising a moderating influence in Petersburg, * * * As a result of his conversation with Baron Schon, the minister declined to accept the German proposal.

Germany was exercising strenuously a moderating influence on Vienna in favor of peace.

Telegram 201, July 28, Izvolski to Sazonoff, states that the German Ambassador had again visited the French Foreign Minister and told him that:

*Germany ardently desired to work with France for the maintenance of peace. * * * That Germany was ready to cooperate with the other powers for the maintenance of peace.*

Telegram 1544, Sazonoff to Izvolski, July 29:

The German Ambassador informed me on behalf of the Imperial Chancellor that Germany had not ceased and will not cease to exercise a moderating influence in Vienna, and would continue to do so despite the declaration of war. Up to this morning no news has been received of the crossing of Austrian troops on to Serbian territory.

Telegram 1551, July 29, Sazonoff to Izvolski:

The German ambassador has communicated to me to-day the decision of his Government to mobilize if Russia does not stop her military preparation. * * * As we can not accede to Germany's wish, nothing remains for us but to hasten our own warlike preparations and to reckon with the probable inevitability of war. Inform the French Government of this, and at the same time thank it for its declaration made in its name by the French ambassador that we can fully rely upon the support of our ally France. Under present circumstances this declaration is especially valuable for us. It is very desirable that England also without loss of time should associate herself with France and Russia, as it is only thus that she can succeed in preventing a dangerous alteration in the European balance. London telegraphed to in like terms.

Of course, England could not stand for the control of Western Europe by the military machine of Germany. Sazonoff knew this and could count on British help. The association of Great Britain with Russia and France would guarantee the safety of attack by Russia on Germany.

Telegram 304, July 29, Sazonoff to Izvolski:

I urgently request you to communicate to the French foreign minister the following telegram from the French ambassador in Petersburg: *The German ambassador has just informed Sazonoff that if Russia does not stop her military preparations the German Army will be ordered to mobilize. * * **

Telegram 202, July 29, Izvolski to Sazonoff:

Bienvenu-Martin, the acting foreign minister, told me that this morning the German ambassador made a communication to him, employing practically the following expressions: *Germany is continuing her endeavors in Vienna to cause Austria to agree to a friendly exchange of opinions which should indicate the object and the extent of the steps undertaken by her and concerning which Germany has not so far been exactly informed. The declaration of war will not stand in the way of this exchange of opinions. Germany hopes to receive during the course of these negotiations explanations which will satisfy Russia.* Finally, Baron Schon again protested against the assertion that Germany was encouraging Austria to be unyielding.

Telegram 203, July 29, Izvolski to Sazonoff:

** * * Germany * * * declares that as we have received the assurance that Austria seeks no territorial gains, the maintenance of peace entirely depends on Russia because it turns upon the necessity for localizing the Austro-Serbian affair; that is, the punishment of Serbia for her former policy and the giving of guaranties for the future. * * **

He states:

That France and England positively could not exercise any moderating influence in Russia. * * *

Telegram 204, July 29, Wednesday, Izvolski to Sazonoff:

The firm attitude taken up by the French press continues. It passes severe judgment upon the Austrian attack and upon Germany's manifest share of blame for it, and unhesitatingly declares that this touches us, and that we can not remain unsympathetic. As regards solidarity with us, this question is not once discussed, but is taken as a matter of course. Every journalist expresses himself in this sense, including such prominent personages belonging to the most diverse parties as Pichon, Clemenceau, and even Jaures, and also Herve, the father of antimilitarism.

The press reflected the French Government's wishes. (Telegram 216.)

Telegram 206, July 29, Izvolski to Sazonoff:

When the President returned to Paris, he was received at the railway station and in the streets with sympathetic demonstrations from the assembled crowd. Margerie (political director in the French foreign office) told me that the President, from his conversations during his journey with prefects and politicians, had become convinced of the firm, energetic, and at the same time calm state of public opinion, which plainly formed a correct estimate of the true significance of events. The same attitude reigned among a large section of the Radical Socialists. The Government attaches no importance to the antimilitary demonstrations of the revolutionary party, and intends to take energetic measures against it. Our military attaché reports in detail regarding the preparatory military measures. Feeling runs high in military circles and in the chief command. I report regarding the press in a special telegram.

Telegram 207, July 29, Izvolski to Sazonoff shows further efforts on the part of Germany to get an adjustment and states:

Finally Baron Schon complained of France's military preparations, and said that in this case Germany would be compelled to adopt similar precautions. Viviani, on his part, declared that France honestly desired peace, but at the same time was firmly determined to act in full agreement with her allies, and Baron Schon could convince himself that this decision was finding the liveliest support in the country. This evening Viviani has forbidden a projected anti-war meeting of the revolutionary party.

It was the night of the next day that the French minister of war told the military attaché that the French Government was determined on war.

Telegram 1554, Sazonoff to Izvolski, states that if Austria would admit that the Austro-Serbian question had assumed the character of a European question and would declare a readiness to eliminate from her ultimatum those points which violate the sovereign right of Serbia, Russia undertakes to suspend her military preparations.

These preparations had been going on for at least five days. The Russian policy was to use diplomatic negotiations to conceal the war measures, and the Russian policy fixed in 1912 was to cross the German border without a declaration of war. (Von Kuhl, p. 79, 80.)

Telegram 1555, July 30, Sazonoff wires Izvolski:

Until we receive a thoroughly satisfactory reply from Austria through the German Government, we shall continue our military preparations. This is communicated to you very confidentially.

The word "thoroughly" is interesting.

That very night, at 1 a. m., Izvolski telegraphed to Sazonoff, telegram 216:

From military attaché to war minister, 1 a. m.

The French war minister informed me in earnest, hearty tones (sincérité enthousiastique) that the Government is firmly decided upon war, and requested me to confirm the hope of the French general staff that all our efforts will be directed against Germany, and that Austria will be treated as a quantité négligeable.

This attitude was strictly in line with the Franco-Russian secret treaty of 1892 and the military plans worked out by the French and Russian general staffs in annual conferences and frequent intercommunications.

So that the French Government gave Austria no time to make "a thoroughly satisfactory" reply to Russia or any other kind of reply.

On August 1, telegram 1601, Sazonoff wired Izvolski:

At midnight the German ambassador informed me on behalf of his Government that if within 12 hours—that is, before midday on Saturday—we do not begin to demobilize, not only as against Germany, but also as against Austria, the German Government will be compelled to

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order mobilization. To my query as to whether this was equivalent to a declaration of war, the ambassador replied that it was not, but added that we were very near to war.

On Saturday, August 1, 5 p. m., Germany issued a general order of mobilization; at 7.10 p. m. the German ambassador notified Sazonoff Germany accepted the war challenge of Russia. The negotiation with Austria and Germany for the preservation of peace appears to have been used as a camouflage for a predetermined war.

Telegram 208, July 30, from Izvolski to Sazonoff assured him:

The French Government is ready to fulfill all its obligations as an ally. It is of opinion, however, that at the present moment, when negotiations are still in progress between the less interested powers, it would be to the purpose that Russia, so far as the measures of a defensive and precautionary nature which it has deemed necessary to adopt will permit, should not take any direct steps which would serve Germany as a pretext for ordering the general or partial mobilization of her forces.

The term "defensive" had already been defined by the French and Russian staffs, with the approval of the French and Russian Governments as "offensive" in their annual conferences.

The significance of this suppressed telegram is revealed in combination with telegram 1551 of July 29 and suppressed telegrams 209 and 210 and 216 from Paris on July 30.

The French Government (July 30) having determined on war does not wish Germany to mobilize yet, but to gradually discover a situation so dangerous Germany shall declare war as a military necessity.

Telegram 1551, on July 29, from Sazonoff to Izvolski, stated:

*Nothing remains for us but to hasten our own warlike preparations and to reckon with the probable inevitability of war. Inform the French Government of this and at the same time thank it for its declaration * * * that we can fully rely upon the support of our ally, France.*

This was two days before the German Government demanded that the Russian mobilization should stop under a penalty of German mobilization and three days before the German Emperor, by the German ambassador at Petersburg, accepted a state of war as forced on the German Government. It was not a German declaration of war. It was a German acceptance of a state of war.

Telegram 209, of July 30, Izvolski to Sazonoff, states that the French ambassador in London:

Was instructed to confer with Grey as to the swing of the combined attitude of France and England concerning which these two powers, in consequence of the general understanding existing between them, have to deliberate whenever a period of political tension arises.

The time "to deliberate" had nearly arrived.

This proposed conference was based on the notes exchanged between Cambon and Grey on the 22d and 23d of November, 1912 (Exhibits 8 and 9, How Diplomats Make War), and the war plans of the military and naval staffs of Great Britain, France, and Russia, already completely matured.

Telegram 210, of July 30, from Izvolski to Sazonoff, referring to the French war minister, said that the French war minister had said to the Russian military attaché:

** * * that we could declare that in the higher interests of peace we are ready temporarily to delay our preparations for mobilization, since this would not prevent us from continuing our preparations and indeed from intensifying them, but we should have to refrain from the possible greater movements of troops.*

These suppressed telegrams indicate that both in Petersburg and in Paris the negotiations for the maintenance of peace were "a ruse de guerre" and being used as a screen for a war already fully determined on both in Paris and in Petersburg.

Telegram 216 of July 31, Izvolski to Sazonoff, expressed a fixed war determination (1 a. m. of July 31 was the night of Thursday, July 30):

From military attaché to war minister, 1 a. m.

The French war minister informed me in earnest, hearty tones (sincérité enthousiastique) that the Government is firmly decided upon war, and requested me to confirm the hope of the French general staff that all our efforts will be directed against Germany, and that Austria will be treated as a quantité négligeable.

This was equal to a secret declaration of war on Germany, in view of the Franco-Russian treaty and military plans agreed on.

It was 23 hours before the German Government demanded a cessation of the Russian mobilization and two days before Germany declared a state of war existing.

On the same day, July 31, telegram 215 from Izvolski to Sazonoff discloses that Baron Schön asked Viviani what attitude France would adopt in the event of an armed collision between Russia and Germany. *Viviani declined to answer.* Baron Schön requested arrangements for passports.

On August 1 the German ambassador again visited Viviani, and the latter expressed his "astonishment" to Baron Schön at his action yesterday, "which was not justified by the relations between France and Germany," although, as above, the French Government had already decided upon war and advised Russia to attack Germany with all its forces—and Viviani knew it as premier.

Izvolski to Sazonoff, August 1, telegram 219, states that the German ambassador had visited Viviani for the second time. That Viviani informed him that the President of the Republic, *Poincaré, had signed a decree ordering French mobilization.* (It may be remembered that the order of Belgian mobilization was issued July 31 also, although the army had been mobilized on and before July 24.) Viviani expressed his astonishment that Germany should have adopted such a measure as demanding that Russia demobilize under penalty of a German mobilization—

when a friendly exchange of views was in progress between Russia, Austria, and the other powers.

Here is the refinement of high-class diplomacy where two nations have fully prepared themselves for war, are determined on war against a neighbor, and the Premier of France assures the ambassador of Germany that a friendly exchange of views between the powers forbids Germany to prepare for defense.

And the same day, August 1, Izvolski wires Sazonoff:

Poincaré declared to me in the most categorical manner that both he himself and the whole cabinet are firmly determined fully to carry out the obligations laid upon us by the terms of our alliance.

The French general mobilization and an immediate offensive on Germany was required by the secret Russian agreement of 1892.

Izvolski, Russian ambassador, wires Sazonoff the same day, August 1, 1914, telegram 223, as follows:

Poincaré told me that during the last few days the Austrian ambassador had energetically assured him and Viviani that Austria had declared to us (Russia) her readiness not only to respect the territorial integrity of Serbia but also her sovereign rights, but that we (Russia) had intentionally concealed those assurances. To my remark that this was a complete lie, Poincaré replied that similar statements had been made in London by Austria, where they might create a very dangerous impression, and therefore ought to be denied there as well.

That Austria did make these representations is shown by telegram 195; by a verbal declaration of Count Pourtales, French ambassador in St. Petersburg; and by Sazonoff's answer contained in the first two sentences from St. Petersburg of telegram 1554 and by many other records.

The attitude of Italy is shown by telegram 220 of August 1, from Izvolski to Sazonoff, as follows:

Margerie told me that according to information from a very secret source Italy apparently intends, in reliance upon the manner in which the conflict has arisen, to remain neutral at first, and then to come to one decision or another in accordance with the course of events.

The entente had already weakened Italy's attachment to Germany by concessions in Africa and elsewhere.

The chief of the German general staff, Von Moltke's memorandum of 1912, showed that the Germans did not count upon Italy. (Exhibit 11.) That Germany could not compete on the ocean with Britain or on land with Russia; that Germany had but little hope in a war with Russia and France.

Austria accepted the proposed mediation as between herself and Serbia as two sovereign Governments (Austrian Red Book III, p. 65), but it availed nothing.

Petrograd knew of Austria's acceptance of mediation which was disclosed to Grey in London on the 1st of August. (British White Book, 133.)

Sazonoff, former Russian minister of foreign affairs seven years later, November 15, 1921 in La Revue de France, tells that the Czar received a telegram from the Kaiser begging the Czar, notwithstanding the declaration of war, to keep the troops from the German frontier, and that the German Emperor was nearly frantic.

Baron Rosen in "Forty Years of Diplomatic Life," Saturday Evening Post, August 21, 1920, page 85, gives it as his opinion that the Russian mobilization necessarily led to war. He places

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the guilt upon all three Russian heads, *Sazonoff, Sukhomlinoff, and Jaunuschkevitch.* He states that at dinner with Sukhomlinoff, then minister of war, when he received a telegram that Austria-Hungary had declared war on Serbia (July 25), he heard the war minister exclaim—

"CETTE FOIS NOUS MARCHERONS!"

that is, "This time we shall march." (Ibid., July 24, 1920, 132.) (This meant under the treaty, 1892, and military and naval conventions with France Russia would attack Germany.)

Baron Rosen states that *the intelligencia and military party of Russia were for war.* (Ibid., August 21, 1920.) (They controlled the Government.)

Baron Rosen further tells that Sazonoff and Jaunuschkevitch stopped the dispatch of the Czar's aide to Berlin and secured on Thursday, July 30, a re-order of the general mobilization (Ibid., August 21, 1920.)

It was in this condition of affairs, with Russia having an army of over 2,000,000 men on the East, who had been practicing mobilization since spring and actually had been in process of mobilizing at least since the 25th of July (Czar's telegram), that the German Government demanded the mobilization stopped under the alleged necessity of regarding it as a declaration of war by Russia.

It was well understood by the military strategists of France and Russia and of Europe that Germany's only chance in such a war as this was by lightning speed and efficiency, striking France through Belgium. (See French and Russian military conferences.) The dispatches show that Germany tried to secure French neutrality and failed, tried to obtain British neutrality and failed, tried to induce Belgium to submit to an unopposed passage and failed. (Morel, Truth and the War. How Diplomats Make War, Neilson.) (Diplomatic Documents, World War, Scott.)

SOME EVIDENCE FROM BERLIN.

It was the policy of Germany to support Austria in rebuking Serbia, as far as could be done through diplomacy, but even if the diplomatic effort should fail, Germany did not intend to be drawn into a war.

On Sunday, the 26th of July, the Kaiser returned from his Scandinavian cruise. On Monday a rapid fire of telegrams took place from Berlin to Vienna, under the instruction of the Kaiser, demanding a peaceful adjustment, Berlin assuming that the purpose of the Entente was not necessarily hostile or determined on war, and that the negotiations for a peaceful settlement was really sincere, put great pressure on the Austrian Government, as appears, through the following telegrams:

[From the German Chancellor to the German ambassador, Vienna, July 27.]

We can not reject the rôle of mediator and must place the English proposal before the Vienna cabinet for consideration. Request Count Berchtold's opinion on the British proposal, as well as on Sazonoff's wish to negotiate directly with Vienna. (Die Deutschen Dokumente, No. 396.)

On July 28 he sent this dispatch:

The refusal of every exchange of views with Petrograd would be a serious mistake if it provokes Russia precisely to armed interference, which Austria is primarily interested in avoiding. We are ready, to be sure, to fulfill our obligations as an ally, but *must refuse to allow ourselves to be drawn by Vienna into a world conflagration frivolously and in disregard of our advice.* Please say this to Count Berchtold at once with all emphasis and with great seriousness. (Ibid. No. 396.)

On July 29 he sent this dispatch:

I regard the attitude of the Austrian Government and its unparalleled procedure toward the various Governments with increasing astonishment * * *. It leaves us wholly in the dark as to its program * * *. I must conclude that the Austrian Government is harboring plans which it sees fit to conceal from us in order to assure herself in all events of German support and avoid the refusal which might result from a frank statement. (Ibid. No. 396, p. 361.)

He sent five warning telegrams on the 29th and 30th to Vienna. (Ibid.)

The Kaiser had informed Foreign Minister Jagow on seeing the Serbian reply accepting the Austrian conditions and agreeing to mediation that—

Now, no cause for war any longer exists.

On July 30 the German Chancellor sent the following telegram:

If Austria refuses all negotiations, we are face to face with a conflagration in which England will be against us. Rumania and Italy, according to all indications, will not be for us, and we shall stand two

against four powers. Through England's opposition the main blow will fall on Germany. Austria's political prestige, the military honor of her army, as well as her just claims against Serbia, can be adequately satisfied by her occupation of Belgrade or other places. Through her humiliation of Serbia she will make her position in the Balkans, as well as in her relation to Russia, strong again. Under these circumstances, *we must urgently and emphatically press upon the consideration of the Vienna Cabinet the adoption of mediation in accordance with the above honorable conditions. The responsibility for the consequences which would otherwise follow would be for Austria and for us an uncommonly heavy one.* (German White Book, p. 395.)

In Oman's Outbreak of the War, pages 61, 68, 69, 77, 79, 88, and 89, will be found the exchange of telegrams between William II and Nicholas, as follows:

JULY 28—10.45 P. M.

I have heard with the greatest anxiety of the impression which is caused by the action of Austro-Hungary against Serbia. The unscrupulous agitation which had been going on for years in Serbia has led to the revolting crime of which Archduke Franz Ferdinand has become a victim. The spirit which made the Serbians murder their own King and his consort still dominates that country. Doubtless you will agree with me that both of us, you as well as I, and all other sovereigns, have a common interest to insist that all those who are responsible for this horrible murder shall suffer their deserved punishment.

On the other hand, I by no means overlook the difficulty encountered by you and your Government to stem the tide of public opinion. In view of the cordial friendship which has joined us both for a long time with firm ties, *I shall use my entire influence to induce Austria-Hungary to obtain a frank and satisfactory understanding with Russia. I hope confidently that you will support me in my efforts to overcome all difficulties which may yet arise.* Your most sincere and devoted friend and cousin.

WILHELM.

(Oman's Outbreak of the War, p. 61.)

PETERHOF PALACE, July 29—1 p. m.

I am glad that you are back in Germany. In this serious moment I ask you earnestly to help me. An ignominious war has been declared against a weak country, and in Russia the indignation, which I fully share, is tremendous. I fear that very soon *I shall be unable to resist the pressure exercised upon me, and that I shall be forced to take measures which will lead to war.* To prevent such a calamity as a European war would be, I urge you in the name of our old friendship to do all in your power to restrain your ally from going too far.

NICHOLAS.

(Oman's Outbreak of the War, p. 61.)

JULY 29—6.30 P. M.

I have received your telegram and I share your desire for the conservation of peace. However, I can not—as I told you in my first telegram—consider the action of Austria-Hungary as an "ignominious war." Austria-Hungary knows from experience that the promises of Serbia, as long as they are merely on paper, are entirely unreliable. According to my opinion the action of Austria-Hungary is to be considered as an attempt to receive full guaranty that the promises of Serbia are effectively translated into deeds. In this opinion I am strengthened by the explanation of the Austrian cabinet that Austria-Hungary intended no territorial gain at the expense of Serbia. I am therefore of opinion that it is perfectly possible for Russia to remain a spectator in the Austro-Serbian War without drawing Europe into the most terrible war it has ever seen. I believe that a direct understanding is possible and desirable between Your Government and Vienna, an understanding which, as I have already telegraphed you, *my Government endeavors to aid with all possible effort. Naturally, military measures by Russia, which might be construed as a menace by Austria-Hungary, would accelerate a calamity which both of us desire to avoid, and would undermine my position as mediator, which, upon your appeal to my friendship and aid, I willingly accepted.*

(Oman's Outbreak of the War, p. 68.)

WILHELM.

It was the very next night that the French minister of war said the French Government was determined on war.—(Telegram 216.)

PETERHOF PALACE, July 29.

Thanks for your telegram, which is conciliatory, while the official message presented by your ambassador to my foreign minister was conveyed in a very different tone. I beg you to explain the difference. It would be right to give over the Austro-Serbian problem to The Hague Conference. I trust in your wisdom and friendship.

(Oman's Outbreak of the War, p. 69.)

NICHOLAS.

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JULY 30—1 A. M.

My ambassador has instructions to direct the attention of your Government to the dangers and *serious consequences of a mobilization. I have told you the same in my last telegram.* Austria-Hungary has mobilized only against Serbia, and only a part of her army. If Russia, as seems to be the case, according to your advice and that of your Government, mobilizes against Austria-Hungary, the part of the mediator, with which you have intrusted me in such friendly manner and which I have accepted upon your express desire, is threatened, if not made impossible. *The entire weight of decision now rests upon your shoulders; you have to bear the responsibility of war or peace.*

WILHELM.

(Oman's Outbreak of the War, p. 77.)

This was the day the Tsar reordered Russian mobilization and the French minister advised Russia "the French Government was determined on war."

PETERHOF, July 30—1.20 p. m.

I thank you from my heart for your quick reply. I am sending to-night Tatischeff (Russian honorary aid to the Kaiser) with instructions. *The military measures now taking form were decided upon five days ago, and for the reason of defense against the preparations of Austria. I hope with all my heart that these measures will not influence in any manner your position as mediator, which I appraise very highly. We need your strong pressure upon Austria so that an understanding can be arrived at with us.*

NICHOLAS.

(German White Book, 1915, 23-A.)

Then Nicholas reorders Russian mobilization.

JULY 31, 1914.

I thank you cordially for your mediation, which permits the hope that everything may yet end peaceably. *It is technically impossible to discontinue our military preparations, which have been made necessary by the Austrian mobilization. It is far from us to want war. As long as the negotiations between Austria and Serbia continue, my troops will undertake no provocative action. I give you my solemn word thereon. I confide with all my faith in the grace of God, and I hope for the success of your mediation in Vienna for the welfare of our countries and the peace of Europe.*

NICHOLAS.

(Oman's Outbreak of the War, p. 88.)

Under the 1892 treaty a partial Austrian mobilization required Russia and France to attack Germany. The Austrian-Serbian negotiations could end when Nicholas said the word and Russia was ready to enter Germany.

JULY 31—2 P. M.

Upon your appeal to my friendship and your request for my aid, *I have engaged in mediation between your Government and the Government of Austria-Hungary. While this action was taking place your troops were being mobilized against my ally, Austria-Hungary, whereby, as I have already communicated to you, my mediation has become almost illusory. In spite of this I have continued it, and I now receive reliable news that serious preparations for war are going on on my eastern frontier. The responsibility for the security of my country forces me to measures of defense. I have gone to the extreme limit of the possible in my efforts for the preservation of the peace of the world. It is not I who bear the responsibility for the misfortune which now threatens the entire civilized world. It rests in your hand to avert it. No one threatens the honor and peace of Russia, which might well have awaited the success of my mediation. The friendship for you and your country, bequeathed to me by my grandfather on his deathbed, has always been sacred to me, and I have stood faithfully by Russia while it was in serious affliction, especially during its last war. The peace of Europe can still be preserved by you if Russia decides to discontinue those military preparations which menace Germany and Austria-Hungary.*

WILHELM.

(Oman's Outbreak of the War, p. 89.)

No reply. Wilhelm, at midnight Friday, gave notice the German Army would mobilize if by noon Saturday Russian mobilization did not stop. At 5 p. m. Saturday, August 1, German mobilization was issued. At 7.10 p. m. German ambassador at Petrograd advised the Russian Government that Germany accepted the Russian challenge and the state of war forced on Germany.

It will be observed in this exchange of telegrams that *Nicholas was under a pressure he feared he should be unable to resist.* On the very day that the Kaiser advised him that he would have to bear the responsibility of war or peace if he ordered a general mobilization, *he reordered the mobilization which had been begun by his own statement on July 25, and on July 31, having the day before ordered the general mobilization,*

he advises the Kaiser it was impossible to discontinue the military preparations, and he gives his solemn word that the Russian troops will undertake no provocative action, although they cross the German border in four places the next day. (Kuhl 79-80.)

The German leaders, getting daily reports from Paris, London, Brussels, and Petersburg, accepted what they had become convinced was now absolutely unavoidable, and on Saturday, 5 p. m., August 1, ordered a general mobilization.

(Note presented by the German ambassador at St. Petersburg on August 1, at 7.10 p. m.)

The Imperial German Government have used every effort since the beginning of the crisis to bring about a peaceful settlement. In compliance with a wish expressed to him by His Majesty the Emperor of Russia, the German Emperor had undertaken, in concert with Great Britain, the part of mediator between the cabinets of Vienna and St. Petersburg; but Russia, without waiting for any result, proceeded to a general mobilization of her forces both on land and sea. In consequence of this threatening step, which was not justified by any military proceedings on the part of Germany, the German Empire was faced by a grave and imminent danger. If the German Government had failed to guard against this peril, they would have compromised the safety and the very existence of Germany. The German Government were, therefore, obliged to make representations to the Government of His Majesty the Emperor of All the Russias and to insist upon a cessation of the aforesaid military acts. Russia having refused to comply with (not having considered it necessary to answer) this demand, and having shown by this refusal (this attitude) that her action was directed against Germany, I have the honor, on the instructions of my Government, to inform Your Excellency as follows:

His Majesty the Emperor, my august sovereign, in the name of the German Empire, accepts the challenge and considers himself at war with Russia.

POURTALES.

The words in parentheses occur in the original. It must be supposed that two variations had been prepared in advance, and that by mistake they were both inserted in the note.

RELATIVE ENTENTE AND GERMAN PREPARATIONS.

General Von Moltke, in the summary above referred to, says that Germany would be obliged in the event of war—

to take the field against France with an inferiority in infantry (though still with a slight superiority in artillery), and will further be attacked in the rear by Russia.

And he says:

In view of the enormous sums Russia is spending on the reorganization of her army she will be stronger with every year that passes. It is just as impossible for Germany to try and compete with Russia as a land power as it is for her to attempt to catch up with England as a sea power.

In chapter 10 (let France explain) Bausman points out the preparedness of the entente allies—Russia, France, and England—and that in 1914 the expenditures of Russia, France, and England for war purposes made a total of \$1,337,259,735, while Germany and Austria expended in 1914 \$420,133,850, so that the entente allies expended \$917,000,000 more in 1914 than Germany and Austria, and this does not include Belgium or Italy.

The number of men available for immediate action of Russia, France, England, and Italy was 2,663,003. The total for Germany and Austria was 1,176,741.

General Buat's figures give the German active army 870,000 men, the French active army 910,000 men. General Joffre in Franco-Russian conferences of 1913 said he would have 200,000 more men than agreed to.

Of course, Great Britain, France, and Russia controlled the sea through the giant navy of Great Britain, and therefore Germany was cut off from supplies throughout the world, while the Entente Allies had the whole world to draw from.

When the war ended Germany with approximately 87,000,000 people was facing nearly the whole world, or over 1,400,000,000 people against the German Government.

Chancellor Hollweg states that—

The supposition that Germany let loose war out of mere lust of world power is so silly that a historian would only take it seriously in the entire absence of any other explanation at all. * * * Such an assumption ascribes to us the sort of folly that is only attributed to an opponent in the heat of political controversy. (Hollweg, 163.)

He says:

The controversy as to which party gave the first impulse to a program of general armament and to a perversion of the policy of alliances will probably never be fought to a finish. Immeasurable mutual

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distrust, Imperialistic ideals, and a patriotism restricted to material national instincts respectively worked each other up without its ever being possible to say that any particular nation had contributed most to the general tendency of the world. (Ibid. 169.)

Hollweg points out that Russia mobilized because it desired war. It refused to suspend mobilization.

In spite of the fact that Vienna was ready to enter into direct conversation with Petersburg on the Serbian issue.

In spite of the fact that Vienna had accepted the Grey mediation.

In spite of the fact that Vienna had given assurances as to the integrity of Serbia.

In spite of the fact that Vienna was prepared not to go beyond such a temporary occupation of a part of Serbian territory as England itself had considered acceptable.

Finally, in spite of the fact that Austria had only mobilized against Serbia and that Germany had not yet mobilized at all.

Former Chancellor Hollweg then says:

Consequently, when the telegraph brought us news of the mobilization on the morning of the 31st of July, we could not be other than convinced that Russia desired war under all conditions.

It appears that neither Germany nor Austria knew the terms of the treaty of 1892 requiring Russia and France to attack Germany if Austria mobilized.

SOME BELGIAN EVIDENCE.

In the reports from the Belgian ministers and chargés d'affaires at Berlin, London, and Paris to the Minister for Foreign Affairs in Brussels, printed by E. S. Mittler & Sons, Berlin, will be found 200 pages of evidence going to show the attitude of Quai d'Orsay, of London, and of Berlin to the general effect that the Berlin Government was very desirous of maintaining peace, that the French Government became increasingly disposed to war as the war powers of Russia and France were expanded and the Entente with Great Britain became dependable.

For example, the Belgian minister at Berlin to the Minister for Foreign Affairs of Belgium says, page 184:

Everyone in England and France considers the Entente Cordiale to be a defensive and offensive alliance against Germany. * * * It is the Entente Cordiale which has reawakened in France an idea of ravanche, which up to then had slumbered. It is also the Entente Cordiale which is responsible for the state of uneasiness and unrest prevailing in Europe for the last seven years. * * * For the present it must therefore be considered as approved that the plan of assisting France in a war against Germany by landing an army of 150,000 English troops was discussed in London. There is nothing in this calculated to surprise us. It is the continuation of the singular proposals made some years ago by Colonel Barnardston to General Ducarne.

The Belgian minister, Guillaume, at Paris to the Belgian Minister for Foreign Affairs, January 16, 1914, says:

I already had the honor of informing you that it is MM. Poincaré, Delcasse, Millerand, and their friends who have inaugurated and pursued the nationalistic, militaristic, and Chauvinistic policy, the renaissance of which we witnessed. Such a policy constitutes a danger for Europe—and also for Belgium. I see in it the greatest peril threatening to-day the peace of Europe. * * * The attitude adopted by Barthou has provoked a recrudescence of militarism in Germany. (Ibid. p. 169.)

The Belgian minister at Berlin in a long letter on February 20, 1914, quotes the French ambassador at Berlin, as follows:

The majority of the Germans and of the French undoubtedly wish to live in peace. But in both countries there is a powerful minority dreaming solely of battles, of wars of conquest, or ravanche. Herein lies the danger; it is like a powder barrel which any rash act may set on fire. (Ibid. p. 173.)

On May 8, 1914, the Belgian Minister Guillaume at Paris to the Belgian foreign office quotes an "experienced and highly placed diplomat" as stating:

If a serious incident should arise one of these days between France and Germany, the statesmen of the two countries will have to arrive at a peaceful solution of the matter within three days or else there will be war.

One of the most dangerous elements of the present situation is the return of France to the three-years' service; the latter has been inconsiderately imposed by the military party, and the country is unable to stand it. Before two years have elapsed France will be placed before the alternative either of abrogating the three-years' act or of going to war. * * * The press in both countries is blameworthy. The campaign pursued in Germany against the Foreign Legion is exceedingly

clumsy, and the tone of the French newspapers is invariably acrimonious and aggressive. (Ibid. p. 181.)

On June 9, 1914, Guillaume wires the Belgian foreign office from Paris as follows:

During the last few days the press campaign in favor of the principle of the three-years' service has been extremely violent. All sorts of means have been adopted with a view to influencing public opinion. The newspapers have not hesitated to compromise even General Joffre. We have also seen the French ambassador in St. Petersburg take—contrary to all precedents—an initiative which may prove dangerous for the future of France. *Is it true that the St. Petersburg cabinet pledged France to adopt the three-years' service and that the former is to-day bringing all its influence to bear in order to prevent the abrogation of the law in question?* * * * We must therefore ask ourselves if the attitude of the St. Petersburg cabinet is based on the conviction that events are imminent which will permit of Russia making use of the instrument placed by her in the hand of her ally. (Ibid. p. 182.)

("Events are imminent" means "war is near.")

The Belgian minister, Beyens, at Berlin, June 12, 1914, in a dispatch to the Belgian foreign office, says:

Another criticism which can be leveled against the champions of the three years' service in France is that of *perpetually dragging Russia into the discussion*—Russia whose political aims remain a mystery, who utilizes the dual alliance solely for her own benefit and who likewise, although she is in noways threatened by Germany, increases her armaments in alarming proportion. (Ibid. p. 186.)

SOME EVIDENCE FROM LONDON.

In great detail and with innumerable quotations, Francis Neilson, a member of the English Parliament, in his work, *How Diplomats Make War*, substantially confirms from English records what has been disclosed in the telegrams above quoted; that is, that there was in effect an understanding between Russia, France, and Great Britain with the military and naval details all worked out by repeated conferences of their general staffs and the understanding that Great Britain would cooperate with France in the event of a war with Germany. For example:

In London, on Saturday, August 1, Lord Lansdowne, Sir Edward Carson, and Mr. Bonar Law hastened to the center of the diplomatic world. (*How Diplomats Make War*, p. 293.) Germany had issued orders for the general mobilization of her army and navy; the next day, the Sabbath, to be the first day. Through the long Sabbath all over the Kingdom thousands of feet tramped Channelwards, regiment after regiment with full kit wound through London streets as the bells from tower and steeple called the folk to prayer. Ministers went to a cabinet meeting there and yielded up to the French ambassador some token of British friendship.

The German mobilization was ordered 5 p. m. Saturday.

The English regiments were on the March Sunday morning armed for war.

On August 1 Sir Edward Grey told the German ambassador that Great Britain would not engage to remain neutral, that—*we must keep our hands free.* (*How Diplomats Make War*, 290.)

The fact was Grey was not really free but fully committed, both by the real intent of the agreement with France, but far more by the interests of Great Britain, and Great Britain instantly carried out the commitment under the agreements with France and with Russia.

Telegram 148 from the British Foreign Office, August 2, 1914:

After the Cabinet meeting this morning, I gave M. Cambon the following memorandum:

"I am authorized to give an assurance that if the German fleet comes into the Channel or through the North Sea to undertake hostile operations against French coast or shipping, the British fleet will give all the protection in its power.

"This assurance is, of course, subject to the policy of His Majesty's Government receiving the support of Parliament, and must not be taken as binding His Majesty's Government to take any action until the above contingency of action by the German fleet takes place."

So that the entente was in fact effective, after all, on the certain contingency of action by the German fleet, and Parliament was committed by its own Government's acts. This action was equal to agreeing to attack Germany as an ally of France. The interests of Great Britain, however, made it necessary when a war actually came between France and Germany that Great Britain should fight the military rulers of the German people who would have been dangerous to British interests if they had conquered France and dominated western Europe (*whether they were responsible for the war or not*).

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Mr. Neilson points out (p. 265):

News had reached Berlin that Belgium had issued as early as July 24 a mobilization circular, and an undated instruction to Belgian ambassadors which contained the information they were to give to the chancellors as to her "strengthened peace footing."

The Belgian circular of July 24 (day Austria made demand on Serbia) announced that the Belgian Army had already been mobilized and forts near Germany put in order for war.

In the circular of the Belgian Foreign Office to its ambassadors, dated July 24, was the inclosure heretofore referred to, without date, but necessarily either of that date or of an earlier date, which states:

All necessary steps to insure respect of Belgian neutrality have nevertheless been taken by the Government. *The Belgian Army has been mobilized and is taking up such strategic positions as have been chosen to secure the defense of the country and the respect of its neutrality. The forts of Antwerp and on the Meuse have been put in a state of defense.*

There is no manner of doubt what the Grey-Cambon letters meant. The complete plan of naval and military strategy was worked out between the French and British naval and army officers, and on Sunday morning, the very next morning, the time Germany ordered her mobilization Saturday afternoon, and accepted the state of war intended by Russia and contemplated by the mobilization and the Czar's secret order to the staff, British regiments were marching through London to the front fully equipped for war. (*How Diplomats Make War*, p. 295.)

A number of the members of the British Cabinet resigned when they discovered this secret diplomacy, including Lord Morley and the famous patriot, John Burns.

The French Government immediately offered Belgium military support (ibid., 310), and the following dispatch from the French ambassador at Brussels to the French Government explains the relations between France and Belgium. The telegram follows:

The chief of the cabinet of the Belgian Ministry of War has asked the French military attaché to prepare at once for the cooperation and contact of French troops with the Belgian Army pending the results of the appeal to the guaranteeing powers now being made. *Orders have therefore been given to Belgian provincial governors not to regard movements of French troops as a violation of the frontier.*

The British troops took their place on the left wing of the French under the plans long since worked out.

The mobilization of the Belgian army was completed at least the day before the general mobilization of the Russian army begun under Sukhomlinoff's order, July 25, about which "he lied" to the Russian Czar (see Sukhomlinoff's trial) when he represented to the Russian Czar that it was a partial mobilization, but which was reordered as a general mobilization by the Russian Czar on July 30.

In the trial of Sukhomlinoff, Minister of War, at St. Petersburg, by the revolutionary government of Russia, Bausman says:

Sukhomlinoff confessed that after the Czar had received these telegrams from the Kaiser the Czar called the Minister of War up by telephone and told him to stop the mobilization. *At that time the Czar thought the mobilization was only partial. It was really already general, a procedure for which the direct authority of the Czar was necessary and had not been given. Sukhomlinoff confessed that in making the mobilization general he had concealed this from the Czar; nay, more, that he did not reveal it to him in the conversation by telephone. He next admitted that he promised the Czar to stop the further mobilization and not to issue a general mobilization. He hung up the telephone with a false promise to the Czar, and, he says, went on with the mobilization. His fellow rogue, Jaunuskevitch, floundering in his testimony and confronted at all times with contradictions, left the stand in the same disgusting and humiliating condition. (Bausman, 200; also Oman's Outbreak of the War, 68.)*

If the democracies or peoples of the world continue to permit secret diplomacy with its ambitious intrigue, militarism, commercial imperialism, this World War will not be the last.

The greatest of the English papers, the London Times, correctly states the true position with regard to this matter of British participation in the Triple Entente, as follows (*How Diplomats Make War*, 336):

[From the London Times, March 15, 1915.]

There are still some Englishmen and Englishwomen who greatly err as to the reasons that have forced England to draw the sword. They know that it was Germany's flagrant violation of Belgian neutrality which filled the cup of her indignation and made her people insist on war (sic). They do not reflect that our honor and our interest

must have compelled us to join France and Russia even if Germany had scrupulously respected the rights of her small neighbors, and had sought to back her way into France through the eastern fortresses.

Great Britain was led into the war on the theory that British interests required cooperation with France and Russia, for which Sir Edward Grey had laid the ground by years of naval and military conferences in which every detail of a war on Germany had been carefully outlined.

In Entente Diplomacy and the World, Documents 847 and 850 (Exhibit VII), will be found the British-Russian Entente plans.

These dispatches demonstrate beyond a possibility of doubt that there were secret conventions thoroughly worked out and planned between Russia, France, and Great Britain as to how war should be made on Germany, involving Great Britain sending empty ships into the Baltic Sea for Russia's use against Germany just before the war of 1914 was declared; (Doc. 850) that England should be prepared to fetter the German fleet in the North Sea; arrangements in the Mediterranean were to be made, and especial authority to the Russian ships to use French and English ports to establish a complete working plan between the navies and the armies of the three countries—Great Britain, Russia, and France. The limit of discussion makes it inexpedient to quote these innumerable documents. It should be sufficient to call the attention of the Senate to these documents and of their convincing character.

The Russian ambassador, London, June 25, 1914, telegraphs to Sazonoff (Doc. 855, p. 730, *ibid.*):

Grey told me to-day that he was greatly alarmed by the false rumors which were circulating in the German press concerning the contents of the alleged naval convention between England and Russia. * * * Grey assured the German ambassador * * * that between England, on the one hand, and France and Russia there existed neither an alliance nor a convention * * * that their negotiations had never assumed a character directed against Germany nor had they any reference to the so-called "encircling policy."

On the face of the Cambon-Grey letters was an express disclaimer of either Government being bound by them, but the actual intent and true, common interest against the German Imperial Government is quite clear.

The English honor and interest were both involved. It certainly appears that France, Russia, and Great Britain did have secret conventions; the conventions were directed against Germany, worked out in detail then in process of execution and they were in pursuance of "the encircling policy," and were carried out on the battle fields and at sea within 60 days.

Three days later Russo-Serbian intrigues led to the murder of Archduke Ferdinand, and the grand drama, with stage fully set, opened to the astonishment and grief of the poor, little common people who die and pay taxes.

The secret entente agreements with France and Russia were repeatedly denied by the British foreign office in Parliament by its representatives asserting that there was no commitment of the British Government to support the French Government in case of a war with Germany.

On March 10 of the following year, 1913, Mr. Asquith, replying to a question in the Commons from Lord Hugh Cecil, denied that England was under an—

obligation arising owing to an assurance given by the ministry in the course of diplomatic negotiations to send a very large armed force out of this country to operate in Europe.

On March 24 he made similar denials in reply to questions from Sir W. Byles and Mr. King.

On April 14 Mr. Runciman, in a speech at Birkenhead, denied "in the most categorical way" the existence of a secret understanding with any foreign power.

On May 3 the Secretary for the Colonies, Mr. Harcourt, declared that he "could conceive no circumstances in which continental operations would not be a crime against the people of this country."

On June 28 the Undersecretary for Foreign Affairs, Mr. Acland, declared publicly that—

in no European question were we concerned to interfere with a big army.

On July 1 Lord Loreburn, Lord Chancellor from 1906 to 1912, said—

that any British Government would be so guilty toward our country as to take up arms in a foreign quarrel is more than I can believe.

On April 28, 1914, and again on June 11, Sir Edward Grey confirmed in the House of Commons Mr. Asquith's assertion,

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made March 11 and 24, 1913, of British freedom from engagements with continental powers. (See Neilson How Diplomats Make War; Morel Truth and the War, etc.)

These disclosures justify America in receiving the assurances of European diplomats with some reserve.

Lloyd George five months before the war said:

The German Army is vital not merely to the existence of the German Empire, but to the very life and independence of the nation itself, surrounded as Germany is by other nations, each of which possesses arms about as powerful as her own. (Daily Chronicle, January 1, 1914.)

The French Army was much more powerful than the German (conferences above quoted).

The semiofficial paper Birshewija Wjedomasti, of Petrograd, on June 13, 1914, before the Serajevo tragedy, stated:

Russia is ready and hopes that France is ready. (Bourse Gazette.)

This article appears to have been inspired by Sukhomlinoff, minister of war. This paper goes on to state that the Russian Army is now 2,320,000 men. (Bausman, 31.)

This paper (*supra*) further said:

We have projected and begun to build a whole network of strategic railways to concentrate the army as quickly as possible. (Bausman, Appendix G.)

THE EUROPEAN PRESS.

The press of Russia, France, Germany, and Serbia in 1914 was a press largely controlled by subsidies.

The journals were not supported by advertisements as in America. They relied upon subsidies from governments, politicians, and from commercial and financial interests.

Through this agency the people of Germany, France, and Russia were taught to hate each other. The death of the crown prince of Austria was attributed by the Government of Austria to the Serbian press propaganda financed by the Russian Government through the Russian minister at Belgrade with the connivance of the Serbian Government. In *Livre Noir*, which discloses the secret archives of the Russian foreign office, are many dispatches showing the manner in which the Russian Government subsidized and directed the press.

On page 208, *Livre Noir*, for example, in telegram 591, December 18, 1913, Isvolsky, the Russian ambassador at Paris, speaking of the Paris press, says:

The papers which are devoted to us, as *Le Matin*, rely on me for instructions, and if we do not give them directions they might perhaps engage themselves with a false view.

On page 213 (*ibid.*) Isvolsky says:

It is particularly important here, at such a moment, to control the press. Otherwise it may engage itself with a false view; besides it is more than sure that it is continually moved by financial circles who have in view only their own special interests.

On page 271 of *Livre Noir* Isvolsky writes:

Endeavoring to maintain the attitudes which are desirable for us with the press of the Government and political world, I am doing my utmost at the same time to influence the press. With this in view, thanks to the measures taken in time, considerable results have been obtained. As you know, I do not intervene directly in the distribution of the subsidies, but this distribution in which the French ministers take part, the Minister of Foreign Affairs and the Minister of Finance, is, it appears, efficacious and obtains its ends. From my side I exert every day to influence personally the most important journals of Paris, such as *Temps*, *Journal des Debats*, *L'Echo de Paris*.

The manner in which the press responds to such stimulation has heretofore been shown in the dispatches which I have quoted, showing that they were instrumentalities in moving the French people to war and in moving the Russian people to war.

From these disclosures it will appear how extremely significant to the German rulers was the attitude of the French press in Paris in July, 1914, where they were denouncing Germany and Austria and demanding the support of Russia, and it is worth while to recall the declaration of the *Nouvelle Revue* that France was determined on war, and of the Petrograd press that Russia was determined on war, and that France and Russia were prepared.

In the American press a few weeks ago was an item announcing that the French Government requested 8,000,000 francs to be used with the press without disclosing the details.

I have just received by mail as a Senator of the United States a book of 112 pages of press clippings strenuously supporting the French policy in the Ruhr. It is obviously paid

propaganda. The first article declares, among other things, in regard to the World War:

What Germany could not do in battle she is doing by evasion and maneuver. She has broken the unity of the Allies and has made of Armistice Day a hollow mockery. America, and history must so write it, was the first to falter. Last in the field, we were the first to leave.

This unfair imputation was printed in an American newspaper and purports to be written by an American editor.

The fact is, America, and history must so write it, won the war, and only left when the military dynasties had been destroyed in battle.

When the Allies were sending delegation after delegation imploring our help, telling us that the British and Belgian troops had their backs to the wall, and that the French troops were bled white, America sent 2,000,000 of the ablest and bravest men on earth to the battle line and drove the Germans back, and the American President by diplomacy presented terms the German people accepted as a basis of armistice. See the dispatch of June 3, 1918, of General Foch, Lloyd-George, Clemenceau, and Orlando, Ministers of Great Britain, France, and Italy, beseeching our assistance immediately (Exhibit 13) and urgently declaring that without American help the war was lost and victory impossible.

Until the great mass of European people understand how they are ruled and led into war by a few leaders there can be little hope of permanent peace in the world. If a few diplomats having access to the national purse are permitted by propaganda, through a subsidized press, to teach the people to hate each other, permanent peace is impossible.

The peoples ought to be taught to understand each other, to respect each other and promote friendly commercial relations with each other.

There is no possible reason why the farmers and laborers of France should be led to kill the farmers and laborers of Germany, and there is no just cause why the mechanics, clerks, and domestics of Germany should be taught to hate and kill the mechanics, clerks, and domestics of France. They are all alike entitled to life, liberty, and the pursuit of happiness. But their peace depends on the intelligence, power, and initiative of the people themselves expressed through their proper parliaments elected by the suffrage of the people. This is a matter that the people of Europe themselves must work out. They can not be advised from America. Possibly the seeds we sow in feeding their famishing may finally lead their statesmen to realize that the American ideals of international understanding and good will is the better policy.

The Belgian minister at Berlin, Baron Beyens, speaks about the French inflammatory discourses which place Belgium in so dangerous a position and which interfere with those trying to preserve the peace between France and Germany.

Baron Guillaume, the Belgian ambassador at Paris, wrote his home office, May 8, that Frenchmen were proclaiming a certain victory over Germany. (Dip. Rev., p. 288.)

The Russian ambassador at Berlin advises his Government March 12, 1914, that Germany "is trying to appear not afraid."

Isvolsky, the Russian ambassador at Paris, on September 12, 1912, reports a conversation with Poincaré assuring him of the French loyalty to Russia, as follows:

If a conflict with Austria should involve Germany's armed intervention, France will at once recognize it as a *casus foederis* and will not lose a minute in fulfilling her pledges to Russia. (Pravda, 1919; Bausman, 34.)

On December 23, 1920, Lloyd-George expresses the opinion—

That no one at the head of affairs quite meant war. It was something into which they glided, or rather staggered and stumbled.

This view is very charitable but comes a little late.

It is worth while to remember that Germany had over 4,500 miles of frontier to protect and no natural boundaries to protect her on the east or the west or the south and that their authorities naturally were apprehensive.

Frederick Bausman, former member of the Supreme Court of the State of Washington, in Let France Explain, thoroughly documented (London, George Allen & Unwin), believes that the Government of France under Poincaré was also to blame for the world catastrophe, and he lays down the following propositions:

First. That the alliance of France and Russia was unnecessary to the safety of France and was hostile to the peace of Europe by its inviting into western Europe an overwhelming mass led by irresponsible men who aimed at extending there an irresponsible government and a shameful despotism.

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Second. That France deliberately and continually armed Russia and encouraged her aggressiveness against Germany; that French policy was continuously directed to creating a favorable opportunity for war upon Germany to regain her lost Provinces, disintegrate Germany as she had kept her disintegrated in previous centuries, and resume her old place at the head of European affairs.

Third. That the German armaments were, beyond all question, made necessary by the enormous and wholly unnecessary increases in Russian armaments.

Fourth. That the Serbians were among the most ruthless people in Europe; that Russia had no regard for Serbia other than to extend her own empire into the Balkans; and that Russia desired to break up, through Serbia, the Austro-Hungarian Empire, a result that would have left Germany helpless against Russia later.

Fifth. That the war sprang out of Russian ambition in the Balkans and in nothing vital to the French whatsoever, and that France could have stopped Russia at the outset by telling her that she would not support her Balkan ambitions, because Russia would not have gone into the war unless supported by France, which country immediately advised her that she would support her.

Sixth. That Germany did everything possible to avert the war after discovering that Russia actually would go to war and France support Russian ambitions in the Balkans, the chancellor imperatively and repeatedly requesting Austria to acquiesce, and the Kaiser personally imploring the Tsar to stop, and that England, though embarrassed by previous relations with the French and Russians, also exerted herself to prevent war, but that the French Government did nothing whatever to restrain Russia.

Seventh. That the Russians, finding themselves certain of French support and possibly of English support, too, pushed, at first by stealth and then openly, a general mobilization; that they brought 2,000,000 of well-equipped troops toward the German frontier and refused, after reasonable notice from Germany, to stop the mobilization; that France and Russia knew that they could ultimately drive England into the war, because England could not risk the conquest of France by Germany under any circumstances, and that Italy would not aid Germany at all.

Eighth. That Russia wanted a war, that France knew that Russia wanted a war, and that the Government of Poincaré did all that was possible to lash up the people of France against Germany before the war because his Government believed that the combined forces of France and Russia, especially if aided by England, were invincible.

Ninth. That the French and Russians, neither of them surprised but on the contrary long prepared, went into the war at the height of their overwhelming strength, the French Army being alone equal to that of Germany and the fully equipped part of the Russian much larger.

Tenth. That if the war had ended successfully for Russia, the best part of central Europe would have been absorbed by her; that France during the war actually made a secret treaty to that effect; that the Germans were compelled to resist with enormous loss the spread of the Slavs into western Europe and have contributed to its protection; and that the English, compelled by sheer military necessity to save France from defeat, have suffered incalculably in life, trade, and wealth.

And says:

A single telegram from the French Government to the Russian would have prevented this war, a simple telegram warning Russia that France would not support her in a conflict concerning the Balkans when Russia herself was not attacked by the Central Powers, neither of which had even mobilized against her. Germany had not mobilized at all. One such message, I repeat, would have saved civilization its catastrophe, for the Russian Government at the outset had stated that it would not venture into this war unless "secure of the support of France." (Let France explain, p. 36.) (British White Paper 17.)

In order to comprehend what took place in Europe, one should remember that the Governments of Europe are in the hands of a comparatively few men.

The record shows, of course, that the Czarist Russian Government was a military dynasty, controlled by the Czar, Grand Dukes, and their military satellites. The French Government, the record shows, entered into a secret written treaty with this military monarchy whose views of government were diametrically opposed to the supposed principles of the Republic of France.

The British Foreign Office entered into a secret agreement with France and Russia without the knowledge of Parliament,

and thus stimulated and made aggressive the militarism of the French leaders, and all the more made aggressive the leaders of Russia whose objects were entirely at variance with those of the British people or of the French people. The French leaders had some reason to fear the possible aggression of the German military dynasty and by making an alliance with Russia and England were able to make the German military authorities afraid to attack France, but the policy fatally encouraged Russia to attack Germany. Russia had a far more important and different purpose to serve. The Russian Government had long had a determined policy to control the Dardanelles, to have free access to the Mediterranean from the Black Sea. It was impossible for Russia to get this advantage except as the result of a general European war, and the way to provoke a general European war was precisely the means employed by Russia with its intrigues in Serbia, where the Slavs of Serbia were stimulated and financed to carry on secret intrigues against the Austrian Government through the Slav population of Austria. It was only necessary to compel Austria to partially mobilize, whereupon the Franco-Russian agreement to attack Germany came into effect automatically, and France and Germany must instantly mobilize and attack Germany at the same time on the east and on the west with all their forces.

These Serbian intrigues compelled Austria to mobilize in 1912. (Russia not quite ready.)

Again compelled Austria to mobilize in 1913. (Russia not quite ready.)

In 1914, when they led to the murder of the Crown Prince of Austria and his consort, the court at Vienna in extreme anger delivered a 48-hour demand for satisfaction and mobilized against Serbia.

A pretext for the Russian mobilization had been created by Russia and instantly Sazonoff said, "This time we shall march."

This was the precise situation which the Russian clique, led by Sazonoff and Sukhomlinoff, seems to have desired to accomplish and the war was on.

FRENCH EVIDENCE.

Colonel Boucher, of the French general staff, issued in 1910 to 1913 three books—one France Victorious in To-morrow's Wars, one the Offensive Against Germany, and another Germany in Peril.

In the latter he says:

Germany is menaced on all frontiers, and situated that she can not feel secure of her future against all her adversaries, without finding some way to eliminate us * * * menaced on the north by England, on the west by France, on the east by Russia, and to-day equally on the south * * * in danger of panslavism. She must raise her forces to the supreme degree.

General Buat, of the French general staff, showed that the mobile forces of France were in active army of 910,000 men with reserves of 1,325,000.

One can say then that without taking any account of the Belgian army or of the four British divisions, France alone was at the beginning, at least, equal, if not superior, to her formidable adversary in the number of the principal units. (L'Armee Allemande, pp. 1-9.)

The French ambassador at St. Petersburg, Paleologue, in the early part of 1914 was warned by Viviani that war would soon break out (Revue des deux Mondes, January, 1921); but Viviani, in his opening speech to the French Parliament after the German declaration of war, complained of its being "unexpected."

Lord French tells us that the preparations with France were on a complete and mutual understanding ("1914," p. 8) and that England was to put 160,000 men at a point near Belgium on 12 days' notice.

Benckendorff, the Russian ambassador to London, said:

When I recall Cambon's conversations with me, the words exchanged and add the attitude of Poincaré, the thought comes to me as a conviction that of all the powers France is the only one which not to say that it wishes war would yet look upon it without great regret. (German White Book, pt. 2, p. 75.)

Many notable French men have issued protests and accusations against Poincaré, such as De Martial, Henri Barbusse, Anatole France, Ernest Renauld, etc.

Renauld, a distinguished historical writer, engaged Poincaré in an argument and said:

The Entente wanted the war as much as William II, and you, Mr. President, and your group of friends wanted it more than all. (Bausman, p. 29.)

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Sukhomlinoff, Russian Foreign Minister, August, 1912, after one of Poincaré's visits sent a circular to his Russian diplomats saying:

When the critical moment in international relations arrives, it will be most desirable to have at the head of the allied governments, if not Poincaré himself, at least a personality who has the same energetic character and who has as little fear of responsibility as the present French Prime Minister. (Entente Diplomacy, pp. 652-655.)

In Poincaré-a-t-il-Voulu-la-Gerre the warlike course of the French Government is attributed to Poincaré from his coming into office in 1912. The work of Pevé les Responsables de la Guerre places the responsibility on Poincaré. (Bausman.)

Poincaré assured the extra session of the French Parliament August 4, 1914, that France—

was prepared and our enemy will meet on their path our valiant troops. (French Yellow Book, p. 158.)

The attitude of the French war party may be appreciated from the quotation of Mr. Buxton, in the foreign office debate of July, 1912, taken from the "Nouvelle Revue," one of the most prominent of Paris Reviews:

We intend to have war. After 40 years of a heavily armed peace we can at least utter this opinion without the serious readers of a French revue shaking in their shoes. * * * France is ready to strike, and to conquer, as she was not ready 40 years ago, and she will not be in 4 or 5 years to come, owing to the annual divergent numbers of the birth rate in each country. * * * We, the attacking party, will have arranged with England that their fleet * * * will have followed * * * the remains of the whole German Navy into the German waters. (How Diplomats Make War, p. 206.)

M. Poincaré has not escaped the criticism of representatives of the people of France in the French Chamber of Deputies. On July 5, 1922, while M. Poincaré was presiding over the Chamber of Deputies as its President, M. Vaillant-Couturier (p. 2337-2338, Journal Official) declared "upon his conscience as an old soldier" that he was convinced of the responsibility of Raymond Poincaré for the World War because of his policy in the Balkans and his unwarrantable support of Russian ambitions and Russian policies. He declared that the war was desired by a group of important rank in the Court of Russia and that Poincaré did not do what he could have done to deter the war, that Poincaré's culpability would be exposed by the records and he accused him on the floor of the Chamber of Deputies to have been responsible for building up in France by Russian propaganda public opinion among the French people favorable to the Russian intervention in Balkan affairs.

That he had contributed to the war by allowing chances for peace to pass.

M. Vaillant-Couturier in the course of a long speech said:

We accuse him of having been the man about whom was crystallized the desire for revenge on the part of the most turbulent of French nationalists. We accuse him of having been that which Jaurés hoped he would not be, the president of reaction or of war.

We accuse him of having let pass certain omissions of texts in the publication of the diplomatic archives * * *

We accuse him of having thrown France into a war which the Russian mobilization provoked. We accuse him of having compromised between 1912 and 1914 the destinies of France, whatever might have been the wishes of Germany at that time— * * *

and stated that the "stillborn treaty of the peace of Versailles," which "they all condemn more or less," stood between a peaceable future and the French people, and said:

For us M. Poincaré represents all that nationalism has been able to produce of a funereal character before, during, and after the war. To-day his policy leads us to isolation, to failure, and to new wars.

On January 15, 1914, Izvolski, in a "very confidential" letter (Livre Noir, 230) says:

If the incident continues to develop, the question might put itself within the scope of the alliance. In a conversation with me, M. Poincaré expressed himself exactly the same, by repeating to me several times, "It is well understood that we shall sustain you."

I respectfully call the attention of the Senate to the secret telegrams from Izvolski, in Livre Noir, pages 14, 19, 20, in which Izvolski, on January 29, 1913, over a year before the World War, says:

I have just had a long conversation with Poincaré, who has declared to me in his capacity as President of the Republic he will have abundant possibility of directly influencing the foreign policy of France * * *. According to him it is of the highest importance for the

French Government to be able in advance to take part in directing public opinion as to a war which could arise in the matter of the Balkans. * * *

And on January 30, 1913, page 19:

The energy, the decision, and the entire character of M. Poincaré appear as the guaranty of that which in his capacity as President of the Republic he will not content himself—as, for example, M. Fallières—with a rôle purely passive and, if it might be so expressed, decorative, but that he would influence by every means and at all times the French policy in the domain of foreign affairs. * * * That is why during the next seven years we can be completely assured against the appearance at the head of the French Government and diplomacy of such persons as Callaux, Cruppi, Nonis, etc. * * * M. Poincaré continues to come every day to the ministry, and M. Jonnert makes no reply, expresses no opinion without he has knowledge of it and consents to it. * * *

And page 20:

The French Government is firmly decided to fulfill toward us its obligation as an ally, and it admits with full knowledge and with all the cold blood necessary that the final result of the actual complications can be for it the necessity of the participation of France in a general war. The moment when France should draw the sword is exactly determined by the Franco-Russian military convention and under the understanding the French ministry entertain not the slightest doubt nor the slightest hesitation. * * *

Also the French Government does not wish to deprive Russia of its liberty of action, nor to put in doubt the moral obligations which rest upon it in that which concerns the Balkan States. Consequently Russia can count not only on the support in arms of France in the case foreseen by the Franco-Russian convention but upon the most energetic and effective diplomatic assistance (of France) in all the enterprises of the Russian Government in favor of said States (the Balkans).

Poincaré undertook his own defense by writing a book "Les Origines de la Guerre" (Cassie) in 1921, in English 1922, an analysis of which appears in "Let France Explain," Chapter XIV. He wholly omits the Russian mobilization and does not contradict the Belgian minister's charge against him as bringing on the war. He omits the vital record of the falsification of the Russian Orange Book, but admits—

(a) That the Kaiser made repeated efforts to come to a good understanding with France (p. 25).

(b) That Delcasse made a revision, which he misquotes, of the Franco-Russian treaty (p. 56).

(c) That France had always in mind the recovery of the lost Provinces (p. 25).

(d) That the Franco-Russian treaty was never disclosed before the war and that Viviani, with a copy in his pocket, refrained from reading it to the Parliament.

(e) That the pacific Georges Louis was recalled from St. Petersburg because the Russians wanted a different sort, etc. (Let France Explain, p. 229.)

Poincaré's defense will be found in the Living Age, Saturday, August 26, 1922, page 503, in which he says that Sazonoff was a "pacifist," that—

the thought of crushing Serbia dominated the whole policy of Austria and Germany.

That when he and Viviani (July 29, 1914)—

reached Paris we were received by a startled and troubled nation that, far from wishing war, was overwhelmed with solicitude for the safety of France, although firmly resolved upon any sacrifices to defend the fatherland.

It will be observed that Poincaré returned to Paris on July 29, and that it was on the night of the next day—July 30—that the French minister of war told the military attaché of the Russian Embassy with "enthusiastic sincerity" that the Government is firmly decided upon war and requested the Russian Embassy to confirm the hope of the French general staff that all the Russian efforts should be directed against Germany. (Telegram 216.)

Poincaré states that with the consent of the ministry he wrote a letter to King George on July 31, 1914, informing the King that France would do all in her power to maintain peace. This letter to King George is not consistent with telegram 216, nor with the secret military treaty and the secret conferences of the Russian and French general staffs of 1911, of 1912, of 1913, to mobilize and attack Germany in the event of an Austrian mobilization, but was extremely serviceable in convincing British public opinion of the peaceful attitude of the French Government and of the guilt of the German Government in wiling the war.

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Poincaré insisted on having Grey announce the Entente avowedly as a means of preventing Germany from declaring war. Grey was unwilling, probably because it would have stimulated Russia to war if every element of doubt of British support were removed.

Grey did not wish war, but had no option but to support France if it came.

On the night of July 29, the British ambassador at Berlin wired Sir Edward Grey that the German Chancellor had told him (the British ambassador in Berlin) that—

As far as he was able to judge the main principle which governed British policy was that *Great Britain would never stand by and allow France to be crushed in any conflict there might be.* (How Diplomats Make War, 263.)

So that it is clear that the German Government expected Great Britain to support France in the event of war. The fact that Great Britain would support France fully justified the Russian war party and the French war party in their determination on war.

Moreover, Sir Edward Grey told the French ambassador at London, Cambon (British White Paper, 87), that he meant to tell the German ambassador that day, Wednesday, July 29, that he must not be misled from the friendly tone of their conversation that Britain would stand aside, so that both Germany and France knew that Britain would not stand aside.

On Friday, July 31, the British ambassador to Berlin, Sir Edward Goshem, wired Sir Edward Grey that *the German chancellor said he had done everything possible to attain his object at Vienna, but he could not leave his country defenseless—*

while time was being utilized by other powers; and if, as he learns in the case, *military measures are now being taken by Russia against Germany also, it will be impossible for him to remain quiet.* (Ibid. 281.)

Sir Edward Grey telegraphed to the British ambassador at St. Petersburg that *he did not see how Russia could be urged to suspend military preparations unless some limit were put by Austria to the advance of her troops into Serbia.* (Ibid. 282.)

In other words, he did not exercise an effective moderating influence on St. Petersburg; he justified their military preparations.

The whole story is set forth quite fully by Nellson, a member of the British Parliament, in chapter 12 of How Diplomats Make War. The chapter is entitled "A Game of Chess."

Without doubt patriotism in the form of intense nationalism moved most of the European leaders, who thought in terms of military strategy alone.

It is futile to reproach individuals in the foreign office of Petersburg, of Paris, of London, of Vienna, or Berlin. These men were produced by their environment in an atmosphere of secret diplomacy, believing in the power of might first, last, and all the time, but nevertheless also believing it necessary *to subsidize the press and direct public opinion so as to have the support as far as possible of their own nationals.*

A profound distrust was everywhere evident between the leaders of the different nations.

These foreign offices were controlled by a consuming desire for further political power over other people and over other territory. Their whole diplomacy in foreign relations largely consisted of trading with each other, giving and taking "compensations." The prime moving force was commercialized imperialism.

The Entente Allies should have conquered Germany and Austria within a few months considering the enormous preponderance of power in favor of the Entente Allies. It should have been a profitable war in the matter of colonial possessions, annexations, and indemnities; but its prolongation for four years was very unexpected and costly. The collapse of the Russian armies, probably due largely to the hate of the Russian people of the Romanoff Government, proved a blessing in disguise to the whole world, including the French, British, and Russian people.

The overthrow of the German military government will probably prove a blessing to the world, especially to the German people, notwithstanding the severe suffering which has temporarily taken place since the armistice.

In due time no doubt the British, French, and Belgian people will correct the defects in the Government of their own foreign offices, and the extent to which commercialized government has gone in the past will probably be abated in the future.

If the principles of the League of Nations shall become the rule governing the relation of nations to each other, the evils

of the past will be entirely abated and international understanding, good will, and cooperation will become the rule of international intercourse.

In the light of the disclosures which are made of the secret diplomacy of Europe, it is clear that a profound national humiliation was put upon the German people by article 231 of the treaty of Versailles in violation of the evidence now known to the world. Article 231 is as follows:

ART. 231. The allied and associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the allied and associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.

This article makes the German Republic, representing a free people, accept the responsibility of having imposed upon the Allies the World War by the aggression of the Imperial German Government of 1914, which was the master of the subject German people.

The German people feel a profound bitterness over this article and its consequences, and it will be well for the world to consider whether a reconciliation between the peoples of Germany, France, and Great Britain is possible so long as the German people are unjustly charged with this great wrong.

In the Memoirs of Izvolski is narrated a personal attempt of William II, in 1905, to establish permanent peace between Russia, Germany, and France in the so-called Treaty of Bjorkoe, as follows:

Their Imperial Majesties, the Emperor of all the Russias, of the one part, and the Emperor of Germany, of the other part, with the object of assuring the peace of Europe, have agreed upon the following points of the treaty hereinafter related, with reference to a defensive alliance:

"ARTICLE I. If any European State shall attack either of the two Empires, the allied party engages to aid his cocontractor with all his forces on land and on sea.

"ART. II. The high contracting parties agree not to conclude a separate peace with any enemy whatsoever.

"ART. III. The present treaty shall be in force from the moment of the conclusion of peace between Russia and Japan and may only be canceled by a year's previous notice.

"ART. IV. When this treaty goes into effect, Russia will take the necessary steps to make its terms known to France and invite her to subscribe to it as an ally."

NICHOLAS.
WILLIAM.

The hostility of France to this treaty caused its cancellation.

The records to which I have above referred show in many ways the efforts of the German Government to effect a rapprochement with France and with Great Britain, all of which were unavailing.

One of the most learned men in Europe, E. D. Morel, a member of the British Parliament, has written several works explaining this unfortunate condition of European diplomacy, such as *Truth and the War*, *Diplomacy Revealed*, *Ten Years of Secret Diplomacy*, in which these processes are explained in great detail and fully confirm what the records to which I have above referred exhibit; and the underlying policy of the diplomacy of the foreign office of the European nations is set forth by Leonard Wolf in a little work called "Economic Imperialism," showing the substantial fact that governments had been employed for money making purposes in the exploitation of the ignorant and unenlightened races; that under this policy all of Africa had been divided up and other parts of the world seized for similar purposes, to make rich the industrialists of the nation which annexes and controls such territories.

The covenant of the League of Nations is bringing before the world a new conception of international relationship in which international justice, understanding, and good will is being made increasingly possible.

America is now concerned in judging from the past the probabilities of stability in Europe. Unless Europe shall have stable government, America can not afford to extend any large credits to Europe which it might be desirable to do to help the people of France and the people of Germany to again get back into full production.

We all desire truly to see the French protected. I favored the treaty guaranteeing France protection and fully supported France during the war, but the Ruhr invasion is indefensible from any standpoint.

AMERICA JUSTIFIED IN ENTERING THE WAR.

America was justified in entering the war regardless of who was responsible for willing the war and putting it in motion.

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America was not informed with regard to the secret intrigues of Europe, nor of its commercialized imperialistic aims. America declared a state of war with Germany because the military rulers of Germany committed one act of war after another on America in violation of accepted international law, and America did not lay down the sword until that Government was annihilated and the Hohenzollerns driven from power. It cost America forty-two billions of dollars and hundreds of thousands of men and a huge future tax of pensions. Happily for the freedom of mankind the war resulted in the destruction of the three great military dynasties—of the Hohenzollerns of Germany, the Hapsburgs of Austria, and the Romanoffs of Russia—and has promoted the cause of democracy and the freedom of mankind.

But the record which I have disclosed, Mr. President, that the British foreign office did not dare to disclose to the British people in their Parliament the truth of the secret intrigue with the French and Russian Governments, thereby giving the highest testimony to America that British public opinion, like American public opinion, will not consciously support international intrigue. It is for American statesmen to consider now how far these secret forces are in control of the British and French Governments, and the extent to which they are in control must be read in the light of the actions of these Governments, not merely by their words or official public communications.

The purposes of America in fighting this war were expressed with great force in the address of the President of the United States, January 8, 1918, and subsequent explanatory addresses in which he voiced the declared purposes of the Entente Allies and conditions on which they were willing to make peace, and which they, after nine days' discussion at the *Tranon, Versailles, formally accepted* November 4, 1918. They then and there pledged themselves to these conditions as the basis upon which the German Republic directed its military commanders to sign the terms of an armistice and practically surrendered. The German Republic accepted the terms and directed their military commanders to accept the terms of the armistice.

The pledges made to the German Republic through the President of the United States by the Allies was in effect—

- (a) The end of secret diplomacy.
- (b) The removal of economic barriers and equality of trade.
- (c) Impartial adjustment of colonial claims.
- (d) Association of nations in a League of Nations, having in mind the protection of every nation, of its territorial integrity, and political independence.
- (e) A just and stable peace; that Germany should—

accept a place of equality among the peoples of the earth . . . instead of a place of mastery.

- (f) The right to live on equal terms of liberty and safety of all nations.

(g) The destruction of any arbitrary power anywhere that can separately, secretly, and of its own single choice disturb the peace of the world.

(h) The consent of all nations to be governed in their conduct toward each other by the same principles of honor and of respect for the common law of civilized society that governs the individual citizens of all modern States in their relations with one another.

(i) The impartial justice meted out must involve no discrimination between those to whom we wish to be just and those to whom we do not wish to be just.

(j) No special or separate interest of any single nation, or any group of nations, can be made the basis of any part of the settlement which is not consistent with the common interest of all.

(k) No leagues or alliances or special covenants or understandings within the general or common family of the League of Nations.

(l) No special, selfish economic combinations within the league.

(m) All international agreements and treaties of every kind must be made known in their entirety to the rest of the world.

(n) No punitive damages, no annexations, no indemnities, but an honorable and a just peace.

The German Republic accepted and instructed its military officials. Then the Entente military command imposed the military terms on the German generals, as shown in Exhibit 14.

The manner in which the British, French, and Belgian Governments carried out these pledges is set forth in the treaty of Versailles and analyzed with great care by Warren Hills in "Lex Talionis" and by J. Maynard Keynes in "Economic Consequences of the Peace."

They show the Entente statesmen entirely violated the pledges made, and the United States has been put by them in

the false position of having betrayed the German people with false promises to induce their surrender. The United States should not be content to rest under this unjust imputation without proper protest. The English people are becoming impatient with these conditions.

The terrible anxiety of France, Great Britain, and Italy, which led them to fully accept American terms, is shown by Exhibit 13, in which Foch, Clemenceau, Lloyd George, and Orlando implored American aid June 3, 1918, as necessary to avoid entente defeat.

EXHIBIT XIII.

(Action taken at conference June 1 and 2, 1918.)

The Prime Ministers of France, Italy, and Great Britain, now meeting at Versailles, desire to send the following message to the President of the United States:

"We desire to express our warmest thanks to President Wilson for the remarkable promptness with which American aid in excess of what at one time seemed practicable has been rendered to the Allies during the past month to meet a great emergency. The crisis, however, still continues. General Foch has presented to us a statement of the utmost gravity, which points out that the numerical superiority of the enemy in France, where 162 allied divisions now oppose 200 German divisions, is very heavy, and that, as there is no possibility of the British and French increasing the number of their divisions (on the contrary they are put to extreme straits to keep them up), *there is a great danger of the war being lost unless the numerical inferiority of the Allies can be remedied as rapidly as possible by the advent of American troops.* He therefore urges with the utmost insistence that the maximum possible number of infantry and machine gunners, in which respect the shortage of men on the side of the Allies is most marked, should continue to be shipped from America in the months of June and July to avert the immediate danger of an allied defeat in the present campaign owing to the allied reserves being exhausted before those of the enemy. In addition to this, and looking to the future, he represents that *it is impossible to foresee ultimate victory in the war unless America is able to provide such an army as will enable the Allies to establish ultimate superiority.* He places the total American force required for this at no less than 100 divisions and urges the continuous raising of fresh American levies, which, in his opinion, should not be less than 300,000 a month, with a view to establishing a total American force of 100 divisions at as early a date as this can possibly be done.

"We are satisfied that General Foch, who is conducting the present campaign with consummate ability and on whose military judgment we continue to place the most absolute reliance, is *not overestimating the needs of the case, and we feel confident that the Government of the United States will do everything that can be done, both to meet the needs of the immediate situation and to proceed with the continuous raising of fresh levies calculated to provide as soon as possible the numerical superiority which the Commander in Chief of the Allied Armies regards as essential to ultimate victory.*" (From "The Great Events of the War," published by the National Alumni, 1920, Vol. VI, p. 187.)

And the Allies solemnly declared to the Germans, November 4, 1918:

Their willingness to make peace with the Government of Germany on the terms of peace laid down in the President's address to Congress on January, 1918, and the principles of settlement enunciated in his subsequent addresses.

Under these terms the Allies—

Understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and their property by the aggression of Germany by land, by sea, and from the air.

On November 11, 1918, the President of the United States, in speaking of the military autocracies of Europe, declared that—

The great nations which associated themselves have now definitely united in a common purpose to set up such a peace as will satisfy the longing of the whole world for disinterested justice. * * * Their representatives in the supreme war council at Versailles have by unanimous resolution assured the peoples of the Central Empires that everything that is possible in the circumstances will be done to supply them with food and relieve the distress that is in so many places threatening their very lives. * * * Hunger does not breed reform, but it breeds madness and all the ugly distempers that make an orderly life impossible.

The Government of Great Britain, immediately after the disarmament of the Germans, the taking of their warships, and of their mercantile marine, established by an Order in Council a blockade *not only not supplying the food the German people required, but cutting off the food they might have secured for themselves, even cutting off fish supply from the Baltic Sea and using the pressure of famine to coerce the German Republic to accept the terms of the treaty of Versailles.* The Entente

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Allies established a reparation commission, controlled by France, Belgium, Italy, and Great Britain, who fixed the reparations regardless of the promises made the German people by the allied governments on November 4, 1918.

The Entente Allies in writing the treaty of Versailles *took all the German colonies, took away from German territory a large part of east and west Prussia, of Poland and Silesia, and the entire left bank of the Rhine was occupied from Switzerland to Holland, 50 kilometers on the right bank were held subject to military control, the coal fields of the Saar Valley were taken by France.*

Moresnet, Eupen, and Malmedy were given to Belgium, Schleswig added to Denmark, the German Republic not permitted to enter the League, and all overtures from the German Government treated with indifference or contempt.

French officials took an active part in the political disintegration of the German Republic by promoting a movement for an independent Rhine State, an independent Bavaria, an independent Saxony, seized the industrial heart of Germany in the Ruhr, and made such strenuous demands upon the German Government for instant reparations that that Government is now absolutely bankrupt, unemployment breaking down the industrial life of the German people and threatening them with famine. German statisticians estimate that less than 5 per cent of the German coal has been left the German Government's control; that Germany has lost 14 per cent of its area, 10 per cent of its population, 70 per cent of its zinc and iron ore, 20 per cent of the potato land, 18 per cent of the wheat and rye land, and the cost of the occupation from 1918 to 1922 is put at four and one-half billion dollars or more than sixteen times as much as the cost of German occupation of France in 1870-1873.

The reparations bill which is estimated by Andre Tardieu in December, 1918, after the armistice, at nine billions, is now fixed at thirty-three billions by the employees of the proposed beneficiaries, and credits are refused which the Germans estimate at approximately twenty-five billions. The details of these claims and counterclaims I submit as Exhibits 15 and 16.

THE MORAL RESPONSIBILITY FOR WILLING THE WORLD WAR.

The moral responsibility for willing the World War has been definitely fixed upon Germany by article 231, as follows:

ART. 231. The allied and associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the allies and associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies.

This necessarily means the aggression of the German Government of August 1, 1914, under William II, a military autocracy, controlling without their consent the German people with a rod of iron.

The German people of August 1, 1914, can not be held responsible for the decision of William II. They were a subject people, 80 per cent of them were women and children without political capacity, about 10 per cent were men engaged in production and distribution, about 10 per cent were called to arms by an order of mobilization which could not be disobeyed under penalty of immediate death. Something over 10 per cent of these Germans took up arms under penalty of death; 1,773,780 were killed, 4,216,056 were wounded, 1,152,800 were prisoners or missing, a total of 7,142,558. Hardly a man escaped.

But the penalties of the moral responsibility of willing the war is being visited on the German people of to-day, 20 per cent of whom were unborn babes August 1, 1914, 50 per cent were then infants, 16 per cent were then women, leaving about 14 per cent of men now living who were then either combatants or noncombatants.

If William II was exclusively and entirely responsible for this war, the Entente Allies have allowed him to go in peace with his property, and they are imposing the penalties of this wrong upon people who can not be charged with the moral responsibility of the war and in violation of the conditions of the armistice.

But, it will be said, who then shall be responsible for reparations?

The reparations agreed to—that is, compensation for damages done the civilian population of the Entente Allies by the German troops on land and sea and air—was accepted by the German Republic, representing the German people, and this reparation they are legally and morally bound by, but it should be established in honor and justice by disinterested judges and experts, not by the beneficiaries or representatives moved by the old principles of European diplomacy that led directly to this war.

If the old principles of commercialized imperialism moving in profound secrecy is to fix the policy of international relationship, we have no just reason to hope for the restoration of peace and prosperity in Europe.

The conditions laid down for the armistice by the President of the United States, accepted by the Allies, and then accepted by the German Republic, can not be flagrantly dishonored with impunity. Such evil seeds sown will bring a harvest of hate and future wars. It is not yet entirely too late to correct this great wrong to the German people.

The fundamental condition of peace is good faith, absolute justice arrived at by just processes.

Then international understanding and good will becomes possible. Then we can hope for the actual reduction of armaments to the limit of domestic requirements for police and good order.

Then we can hope to see the budgets balanced.

Then we can hope to see European currencies stabilized, put on a gold basis, and people given a currency medium with which they can make contracts safely.

Then European bonds could be sold throughout the world to the fullest extent of their legitimate needs. Then the safety of France will be assured, as all the world desires.

Then America will be justified in cooperating with the new world conducted along the lines of international justice, international good will, and sincere international commercial and financial cooperation.

Mr. President, the great masses of the people in France deserve the warmest admiration. They are a great people, very brave, very loyal, very intelligent, industrious, and thrifty; their language, their architecture, their sculpture, their paintings, their productions are unsurpassed in beauty. I am convinced that these people in their hearts desire to live at peace with the world, to live their own lives, raise their children, and enjoy social intercourse with each other, and that they would commend international policies which would lead to this result.

And when this has been said, the same thing can be said with equal truth and with equal force of the German people, of the Italian people, and of the British people.

Mr. President, I have discharged an irksome, painful duty. Senators will find the complete record referred to in the bibliography which I present and will find quotations so abundantly made that there remains no reason why any Senator should not be perfectly informed with regard to what has taken place and what caused the World War. It was caused at last by fear of each other, by ambition, by pride of a few men in a few chanceries who were doubtless doing what they believed to be for the welfare and "glory" of their own country, but whose error of judgment has crucified the world. We do not wish a repetition of it.

During the World War I favored the French in every possible way with money, credit, supplies, ships, and men. I was one of those who favored a treaty to guarantee the French people against future German aggression, and I favor now whatever is necessary to protect the French people against the future aggression of Germany, but I do not favor the breach of agreement of the armistice conditions on which the peace of France and the lives of Frenchmen were saved on the battle field by the cessation of battle through the armistice contract of November 4, 1918.

The preservation of the white civilization of Europe demands that the statesmen of the world realize the importance of pursuing processes which will really and in truth establish international understanding, good will, and cooperation.

Open diplomacy and the orderly rule of the people by the peaceful processes of democratic or republican government is the true remedy.

It is probably the only remedy, and the people alone can make it effective in each of the several Nations. America can set a good example. The success financially and commercially of this doctrine in America should encourage the people of other countries as they advance in the practice of democratic government.

Let us still pray with our immortal Lincoln that government of the people, by the people, and for the people shall not perish from the earth.

APPENDICES.

EXHIBITS TO SPEECH OF MR. OWEN, UNITED STATES SENATOR FROM OKLAHOMA.

[Exhibits not quoted in speech are added here.]

- Exhibit 1.—Franco-Russian treaty, 1892.
- Exhibit 2.—Franco-Russian military conference, 1911.
- Exhibit 3.—Franco-Russian military conferences, 1912.
- Exhibit 4.—Franco-Russian military conferences, 1913.

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- Exhibit 5.—Franco-Russian treaty, 1916-17.
- Exhibit 6.—Chapter XII. Entente Diplomacy and the World-secret Russian documents.
- Exhibit 7.—Falsification—Russian Orange Book of 1914.
- Exhibit 8.—Letter, Grey to Cambon, November 22, 1912.
- Exhibit 9.—Letter, Cambon to Grey, November 23, 1912. Franco-British entente memo.
- Exhibit 10.—Russian military preparations (Bausman).
- Exhibit 11.—Von Moltke summary (Bausman).
- Exhibit 12.—German demand on Belgium for passage.
- Exhibit 13.—Dispatch, General Foch, Lloyd-George, Clemenceau, Orlando, June 3, 1918, praying for speedy American support.
- Exhibit 14.—Armistice terms imposed by Foch November 14, 1918.
- Exhibit 15.—What Germany has paid—comparative statements.
- Exhibit 16.—How much has Germany paid—Keynes.
- Exhibit 17.—Killed and wounded in World War.
- Exhibit 18.—United States killed and wounded in World War.
- Exhibit 19.—Costs of World War.
- Exhibit 20.—Books quoted.
- Exhibit 21.—Abstract of armistice conditions of November 4, 1918.

EXHIBIT VI.

Entente diplomacy and the World War—De Stebert.

FURTHER ENTENTE PREPARATIONS FOR THE EUROPEAN WAR.

(February-July, 1914.)

(837. The Russian Ambassador at Berlin to Sazonoff. Letter, January 31-February 13, 1914.)

In my telegram No. 19 I called the attention of your excellency to the communication of the Russian telegraph agency in Berlin, that Secretary of State von Jagow had declared in the Budget Commission that Anglo-German relations were steadily improving. In the same telegram, the declaration of the German naval minister with reference to the mutual relations between the English and the German navies, was mentioned.

As you are aware, Tirpitz remarked that the relation of the English to the German fleet, 16:10, as proposed by Churchill, was entirely acceptable to Germany. As to the idea of an "exempt year," this proposal could not be accepted. Jagow declares that the cabinet of St. James has for the present advanced no such propositions. I asked my English colleague how the constantly recurring assurances of the statesmen here to the effect that an improvement had occurred in Anglo-German relations were to be explained, for this, involuntarily, provoked the thought that constant negotiations were taking place between London and Berlin which might finally lead to a rapprochement between both countries.

Goschen's reply was as usual, namely, that all assurances had absolutely no value and that the exchange of opinions between Berlin and London was limited to mutual economic and railway interests in Africa. (Quite a remote locality and one quarter in which Russia had no "historic mission" or "diplomatic desires.")

As to Churchill's proposal to establish a relation of 16:10, my English colleague affirmed my assumption that the Canadian dreadnoughts are excluded from this proportion, something to which Germany could scarcely agree. As to the proposal to build no warships for a whole year, the explanations of the secretary of state, as Goschen told me, are not in accordance with facts, for he, Goschen, has been instructed by London to sound Jagow, who had, however, given him an evasive answer. The English ambassador is, however, of the opinion, as he told me in strict confidence, that this idea was unreliable and all the less acceptable to Germany since all the workmen of the German shipbuilding yards would in such a case be thrown out of employment, whereas the English workmen could easily be taken over by the private shipbuilding yards in order to build the numerous small ships which the English fleet constantly requires. Apart from this, the British ambassador added, it would not suffice to suspend shipbuilding in England and Germany—all other great powers would also have to do the same.

My French colleague [Jules Cambon], whose opinion Goschen had asked regarding the "exempt year," replied that he could in no case approve of this idea, since all the savings which Germany would make in consequence of the interruption of shipbuilding would be devoted to the strengthening of the land army; and, in case of future conflicts, this would be directed chiefly against France. [Rather an impossible situation—an impasse. Thus the much advertised disarmament proposals came to naught, as reasonable people expected.]

Cambon is very much worried by these constant rumors of an improvement in Anglo-German relations, since he agrees that there is a possibility of rapprochement between these two countries in the future.

Although I do not fully share these fears, I can not free myself entirely from the thought that Germany and England, once they have begun to regulate their economic interests in Africa, will in time proceed to more important negotiations, which might finally lead to a certain agreement also in political questions. From here I am able to observe the efforts of the German Government to please the British; but, of course, I lack the possibility of judging what impression these

efforts make upon leading circles in England. [They made very little impression.]

(838. The same to the same. Confidential report, February 27-March 12, 1914.)

* * * According to wholly confidential reports reaching me, the growing military strength of Russia is causing ever more serious anxiety at Berlin. In the opinion of German Government circles, the new heavy siege artillery in Russia will be finished by 1916, and from that moment Russia will step into the lists as a most formidable foe with whom Germany will have to cross arms.

No wonder that in view of such considerations the Germans are straining every nerve to be ready for war with us, and no wonder that they try to intimidate us, so as to avert the suspicion that Germany is afraid of Russia. Nevertheless it is my conviction that between all the lines printed about Russo-German relations in the German newspapers of late one may always read fear of Russia. [Refers to the cry of the Germans: *Die russische Gefahr*—the Russian peril.] In conclusion, let me express the hope that they are not in error about this at Berlin, and that we are actually taking all measures for strengthening our military power, which must compel Germany to hesitate before no measures so as to bring her preparedness for war to the highest pitch. [Swerbelev, knowing that this would bring on the catastrophe in either a military or an economic way, the expression is axiomatic of the policy of the Entente.]

(839. The same to the same. Confidential letter, March 27-April 9, 1914.)

The unfriendly attitude toward Russia, which became noticeable ever since the beginning of the Liman von Sanders episode last winter, has much improved of late. The press has ceased its daily attacks upon Russia, although no opportunity is missed of publishing this or that fact unfavorable to Russia, mostly free inventions or serious distortions. This attitude of the German press does not let the excitement die down. This comparative quiet, however, so I hear constantly from a reliable source, is only apparent, and public opinion in Germany is still as aroused as ever against Russia, wherein the military men and the Prussian Junkers make no secret of their warlike mood. This excitement and warlike feeling is due manifestly to Germany's fear of the increase of our military and economic power. They think that this is the most favorable moment for a conflict between Germany and her eastern neighbor, since our military preparations are by no means complete. [Depending entirely on the ability of the French banks to make loans to Russia.] That such a conflict must come sooner or later is apparently not doubted here.

In South Germany this hostility toward Russia is even more manifest, probably due to the influence of Austria. Our compatriots who come through here have frequently reported this feeling to me. Of course, I can not test this personally; perhaps their tales are much exaggerated, but they must contain some kernel of truth; all the more so, since even the German Government, as I reported in my letter of February 27-March 12, is much disturbed by the measures taken in Russia toward the increase of our army and of our military preparedness. At least, such is my conviction. There is no doubt, furthermore, that the renewal of our commercial treaty in 1917, which may prove less favorable to Germany, is preying upon the mind of the Berlin cabinet, which, probably, would prefer to have the existing treaty remain in force as long as possible.

Nevertheless I am of the opinion, in which I am confirmed by the secret informations mentioned above, that the Berlin cabinet does not share the views of the bellicose elements of Germany, which profess to desire an immediate armed conflict with Russia. The German Government prefers to try all peaceful means toward reconciliation before taking any decisive step. Among these means one of the most important is the commercial treaty, so they are preparing here for the incidental negotiations with special energy along the lines of a carefully drafted plan.

(840. Sazonoff to the Russian ambassador at London. Telegram, January 30-February 12, 1914. No. 252.)

Copy to Paris.

Of late we have frequently been able to convince ourselves that we lack an organ which would unite the views and the common action of the powers, an organ such as the ambassadorial conference in London last year. The correspondence resulting from this lack leads to delays which have an injurious effect on the progress of affairs. As the London cabinet does not desire again to convene last year's conference, we shall not further insist upon it, but Grey perhaps will not object to the proposal that at least the three powers of the Entente should through their representatives in London establish the community of their views. For while the powers of the opposite group are acting we are merely deliberating [at least a slight exaggeration], and our coherence, weak enough in itself, thereby loses still more of its force. I beg you to speak to Grey in this sense as soon as your French colleague receives instructions as to this matter.

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(841. The Russian ambassador at London to Sazonoff. Telegram, February 5-18, 1914. No. 39.)

Your telegram No. 252 received.

Cambon received the necessary instructions yesterday, and I informed Grey to-day of your proposal. I told him that, considering the want of an adequate organ, such as last year's ambassadorial conference, you thought it necessary to arrange for an exchange of views on the pending questions, in order to arrive in this way at a preliminary agreement between the three entente powers. In this way the delays caused by telegraphic correspondence would be avoided and the influence and weight of the decisions of the three powers would be enhanced.

I instanced the case of Albania, whither the Prince of Wied was to proceed, before various important questions had been solved. Grey replied that in the case mentioned by me the Triple Alliance had the advantage of being able to act, while the Triple Entente could only defend itself against encroachments. However, Grey raised no objection to your proposal, and told me that he was pleased to accept it, and suggested that I should meet him to-morrow, Thursday. He has already informed Cambon of this, who has made a similar statement to him this morning.

(842. Sazonoff to the Russian ambassador at Paris. Confidential letter, March 20-April 2, 1914. No. 23.)

In your letter of March 5-18 you mentioned the question of a closer union between Russia and England and expressed the wish to ascertain my views upon this subject (Iswoisky's inquiry was probably the result of French reaction to Sazonoff's regret that there was "lack" of an organ facilitating intercourse of the Entente), the more so since there was a possibility that this question would be touched upon by the leaders of French and English foreign policy during the impending visit of King George to Paris. I therefore consider it my duty to inform you that a further reinforcement and development of the so-called Triple Entente and, if possible, its transformation into a new triple alliance appears to me to be a demand of the present hour. Whilst thoroughly insuring the international position of France, Russia, and England, an alliance of this nature would, because of its lack of any thought of conquest on the part of the powers mentioned, threaten no one, but signify the best guaranty for the preservation of the peace of Europe. (Would have done that by stabilizing international relations. At the same time Sazonoff's solicitude for the peace of Europe could not be taken seriously; it had its *arrière pensée*.)

Certain steps have already been undertaken by France and England with regard to working out a plan for the most uniform action possible and for a more precise definition of mutual obligations. Obviously, we too must work in the same direction, whereby a number of incidental questions might be joined to a whole series of subjects which are ripe for discussion—subjects which impinge heavily upon Russian and English interests in numerous fields.

As you are aware, the inner situation of England is at present such that it wholly absorbs the attention of the Royal Government and of the public. (Disturbances in Ireland and labor questions.) Under these circumstances the soil for international agreements, concerning which the English, in accordance with their nature, are so sensitive, is most unfavorable, and we must, therefore, nolens volens, pursue this object with the greatest caution.

In spite of this, I share your opinion that it would not prove inexpedient if Poincaré and Doumergue (French minister of foreign affairs), on the occasion of the meeting with King George and his minister (Sir Edward Grey), would in confidence indicate to them that a closer agreement between Russia and England would also be hailed in France as an auspicious event, which would prove equally desirable to all three partners in the Triple Entente. The establishing of the conditions upon which a political convention of this sort might be concluded would naturally have to be the subject of direct negotiations between St. Petersburg and London; but it is possible that the French Government would consider it useful to propose to Grey to communicate to us in common the contents of the political convention which you speak of as having been concluded between England and France. (The British Government has consistently denied that there was a political convention or treaty.) This might then serve as a basis for working out a similar convention between Russia and England.

(843. The Russian ambassador at Paris to Sazonoff. Letter, March 27-April 9, 1914.)

After the receipt of your letter of March 20-April 2, No. 23, I made use of the first opportunity once more to engage Doumergue in conversation in regard to the question of a closer understanding between Russia and England. Doumergue confirmed to me in the most decisive manner his intention of speaking to Grey, during the impending meeting, to the effect that an agreement of this nature was highly desirable. He believes that it will prove very easy to bring forth convincing arguments in favor of this thought, because it is most obvious that, inasmuch as France has special military and naval understandings with Russia and

England, this system must be coordinated and complemented by corresponding understandings between Russia and England. Doumergue believes that the Russo-English agreement would have to be in the form of a naval convention, and that this would render necessary technical consultations between the three staffs of admiralty. (Russian, French, and British.)

With regard to the political compact between England and France, which is to be communicated to us after consultation with Grey, Doumergue assured me that France and England were not bound by positive political obligations, but that, should the course of events lead to common action on the part of both powers, they would adhere to the technical arrangements worked out by the general staffs. (Quite the worst form of "alliance" there is, because it conveys no warning to the adversary and leaves the *casus foederis* determinable by circumstances the political opponent can not define to himself, as he can easily do in case of "defensive" alliances.) Doumergue added that he did not remember whether the foregoing was expressed in a definite formula, but he promised to look up the documents in the archives of the ministry, and to bear in mind the wishes which we have expressed.

Up to the present I have not had the possibility of renewing my conversation with Poincaré upon this subject; he is still at Eze. But I shall make an effort to see him at once after his return and to discuss with him the contents of your letter.

(844. The Russian ambassador at London to Sazonoff. Letter, April 29-May 12, 1914.)

Sir Edward Grey requested me to call upon him, and, upon receiving me, told me that since his return from Paris he had had no other opportunity of seeing me save in the presence of the French ambassador, which had not permitted him to describe to me in a veritable manner how profound had been the impression which he had received on his visit. He told me that he did not think he was merely giving his own personal impressions, but also those of the King and of all those who had taken part in the visit.

Grey told me that these impressions had exceeded his expectations by far, and that he could not sufficiently congratulate himself upon the reception by the President of the Republic and by Doumergue, with whom a perfect understanding had been achieved regarding all current questions and the general political situation. (It so happened that just then there was no "crisis" of any sort in Europe; shortly afterwards Poincaré went to Russia.) That, in addition to this, the reception accorded Their Majesties on all occasions and wherever they appeared bore the stamp of sincere sympathy. From this the British Government had drawn the conclusion that the fundamental idea of the Entente had taken root as deeply in France as in England, and that in consequence of this it rested upon a particularly firm and enduring basis.

On this occasion Grey spoke with a warmth which is not usual with him and which proved that he made his deductions from firmly grounded judgment. The intention by which he was governed in asking me to come and see him, in order to make such a communication to me, is entirely clear. He wished to announce to me the beginning of a phase of a still closer rapprochement to France. This intention became still more obvious to me upon his remarking to me without any preliminaries, that I was doubtlessly informed about the conversation which he had had with Doumergue on the subject of Russia. He told me that it had been impossible for him in Paris, being at a distance from his colleagues, to do more than express his personal assent to the plan, according to which the Governments of England and France were to inform the Russian Government of all military conventions existing between England and France. (The Russian Government had desired that on former occasions, without success, however.)

He was able to inform me to-day that he had spoken of this to the prime minister immediately upon his return to London; the latter shared his opinion and had no objections to make against the plan proposed. The whole affair was, however, essentially of such importance that it could not be decided upon without the assent of the cabinet-council.

Grey told me that, to his great regret, it had not been possible for him to convene the cabinet for this purpose during this first week; the Ulster question and the budget demanded the entire attention of the ministers.

I said only a few words in reply. I thanked Sir Edward Grey for his communication and told him that I knew how to appreciate its significance to its full extent. [Benckendorff realized that a naval or military convention with Great Britain, or both of these, would have far-reaching effects upon the international situation. Besides, the making of such agreements would have been a most satisfactory culmination of his own efforts. We find, then, that this same man loses his balance a little in gladsome anticipation of the promised state of affairs whenever he writes of it.] I summed up the situation to the effect that if the two governments should communicate to us their military conventions [going a step further, Benckendorff wanted not only a naval but also a military convention], the Russian Government would reserve the privilege of making a corresponding proposal upon an analogous basis to the British Government. I told him that I assumed he knew

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the views your excellency entertained regarding the necessity of a still closer union between the Triple Entente, according to which even an alliance after the pattern of the three other powers was not excluded.

Sir Edward replied that he did not consider an alliance as possible. I returned that I personally also conceded the difficulties of such an alliance. He added:

"As you see, we have no alliance to-day even with France. [French and Russian statesmen had failed to realize that British imperialism was too large an institution to be tied down by definite agreements; that, indeed, there were too many hostile points of contact between Great Britain, France, and Russia to make an alliance of definite terms possible, as in Persia, China, Turkey, the Balkans, and North Africa. A definite alliance between Russia and France was possible because of their common aversion to Germany, an almost total absence of colliding colonial interests, and the necessity of Russia to find capital and of France to find profitable investments. None of these factors were evident in Anglo-Russian relations.]

(845. The same to the same. Letter, May 3-16, 1914.)

The French ambassador informs me that Grey last evening gave him to understand that he had submitted to the ministerial council the answer which he had given M. Doumergue in Paris in his own name after the French minister had made clear to him the expediency of informing the Russian Government of the correspondence which had taken place between the French and the English Governments, in order that the St. Petersburg cabinet might begin negotiations to conclude an agreement on the same basis regarding the eventual cooperation of the Russian and English navies. Sir Edward had remarked, in addition, that the ministerial council had approved of this answer. He (Grey) reserved the right of informing me of this; but as the proposal had originated with Doumergue he considered it necessary first to inform him of the decision of the British cabinet.

According to Sir Edward's view, the course of the proceedings might be as follows:

After authorization by his Government, Cambon would inform me of the exchange of notes, whilst at the same time Sir Edward, on his part, would communicate the same to me in order that I may inform the Russian Government. Just as the agreements entered into with France provide, in the event of a *casus belli*, first of all for the cooperation of the armies, so, according to Sir Edward Grey, the nature of things demands that the eventual agreements with Russia should relate to the navy. The negotiations would, in consequence, have to be carried on between the Russian and English staffs of admiralty. The negotiations with France took place at the time in London, and the French military and naval attachés in London traveled to Paris in order to obtain the instructions which occasion rendered necessary. Finally, Prince Louis of Battenberg went to Paris quite unofficially in order to coordinate the agreements. [First Lord of the Admiralty, but by no means a naval expert, so that the coordination in question was probably of a political character.]

Cambon was of the opinion that after the correspondence had been communicated it would be necessary to determine the further proceedings. He told me that, according to the opinion of Sir Edward Grey, the negotiations might be conducted precisely as in the case of France, i. e., that our naval attaché in London would be empowered to enter into negotiations with the British admiralty staff, after he had been given instructions in St. Petersburg, for even repeated journeys on the part of the naval attaché would in no wise arouse public attention, whereas the arrival of more prominent Russian naval officers in London would surely become known and might lead to undesirable comments (and thus inform the members of the Triple Alliance).

(846. The same to the same. Letter, May 5-18, 1914.)

Upon my return to London from Paris Cambon informed me that Grey had confirmed to him what he had told Poincaré and Doumergue in his own name. Grey added, that since his return the Cabinet had met daily, because of the difficulties in Ireland and the budget, so that he had not yet found it possible to take up with his colleagues the important questions of the day, which referred to foreign affairs and the Paris conversations. He had been obliged to postpone these questions for 8 or 10 days. Grey, however, had reported to Asquith on his journey. Without binding the Cabinet to the present, Asquith had answered that he saw no insurmountable difficulties against carrying out the plan proposed in Paris. Since then Asquith has repeated this to Cambon himself. The latter has been able to establish the fact that the prime minister is very favorably disposed to plans of that kind. These refer, consequently, to eventual military conventions between Russia and England analogous to those which exist between France and England. The latter would be communicated to us in confidence, whereupon the Russian Government would have to make analogous proposals to the British Government, which, according to the nature of things, would refer more to the navy than to the army.

It is not to be assumed that all members of the Cabinet will give their sanction to this beforehand and without opposition. [Feeling that so long delayed a convention with Russia had a definite object in view. The sounding of Grey by Benckendorff had been a continuous

performance, so that an emergency would be detected behind Grey's willingness to approach Russia closer in a military sense.] Nevertheless, the firm determination of the real leaders of the Cabinet will carry the day, as I do not doubt in the least, and then the real negotiations may begin.

After the results which have just been described will have been achieved we, as I believe, will have attained the main object in view, namely, to substitute for the hitherto far too theoretical and peaceable basic idea of the entente something more tangible. My sojourn in Paris and the spectacle which I there witnessed have anew substantiated my opinion, that an alliance or any other form of public agreement is impossible, and that, even if the British Government should permit itself to agree to this, the results would be quite different from those expected. The reception which was accorded the King and the Queen was no doubt an extraordinarily hearty one, much heartier, I was told there, than was the case with former English visits. If, in spite of this, the impossibility of concluding a formal alliance between England and France has been recognized, then this will in a still greater degree be the case between Russia and England. [Naturally, Great Britain's reasons for not making a definite alliance with France were identical to those that argued against a definite alliance with Russia. The British Government was at least true with itself. Its world politics—as those of any other Empire—were such that it became necessary to play all States against one another, in which none were really friends while all were potential enemies.]

I doubt whether a more powerful guaranty for common military operations could be found in the event of war [all too true] than this spirit of the entente, as it reveals itself at present, reinforced by the existent military conventions.

If we review the various phases of the entente it can not be denied that England has never hesitated in threatening moments to place herself on the side of France; the same holds good for Russia on every occasion on which English and Russian interests were simultaneously affected, and this, despite the difficulty of reconciling the policies of both countries in questions that arise day after day, and despite those reasons, which it would lead too far to discuss here, but which explain clearly why the entente between Russia and England has not taken root so deeply as that between France and England. [These policies and reasons are outlined in the footnotes explaining why Great Britain was averse to "alliances."]

The reason for this is to be sought in the fact that even a most careful but public alliance would meet with strong and undisguised opposition in England, and that not only on the part of the Liberal Party, and that a great part of the political effect intended would be frustrated by it. I believe that under such circumstances an alliance would not be worth much. It would merely, in a very slight degree, increase the guaranties which are offered to France and Russia by England, and it would, on the other hand, offer a far more fertile soil for agitation in favor of Germany, something upon which Germany places more weight than ever. [Somewhat far-fetched. What an alliance would have done is: Germany would have known just what to expect, and it is precisely this which Grey wanted to avoid as is shown by the documents.]

To recapitulate in brief, I would like to say that even those Englishmen who are firmly convinced that sooner or later a conflict with Germany will prove inevitable would be frightened by the idea of binding England by means of decisive treaties of alliance which would impose obligations upon her, the conditions and consequences of which can not as yet be foreseen.

(Russian ambassador at London to Sazonoff.)

(847. The same to the same. Letter, May 10-23, 1914.)

Sir Edward yesterday requested that Cambon and I call upon him. As my French colleague had already informed me, the Secretary of State confirmed to me the fact that the English Ministerial Council had approved of the answer which he had given to Doumergue in Paris in his own name [to wit, without the consent of the Cabinet council], after the French minister had spoken of the relations between Russia and England and had indicated how useful, under certain contingencies, previous military conventions between the Governments would prove.

The first step to be considered was to communicate to the Russian Government, on the part of France and England, the two confidential and secret documents, which had been exchanged between the French and British Governments in the year 1912.

Sir Edward laid special stress upon the point, that the text of these documents showed that no alliance was concluded between the two powers. They fulfilled the purpose rather of putting the substance of the military agreements in the proper light, agreements which had been entered into between the army and navy authorities for the eventuality that it should become necessary for the British and French naval and land forces to cooperate actively. [The eventuality differs from the regular *casus foederis* of defensive alliances in so far as it makes cooperation of the armed forces contingent upon the mutual selective consent of the subscribing Governments, instead of fixing the point and conditions of "operativeness" of the alliance in a definite and precise manner.]

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Sir Edward emphasized the fact that, without some such previous agreement, an immediate cooperation, even with the best of wills and in spite of the close political entente between both Governments, would encounter serious technical difficulties. [Hardly the case. The British Government would have either accepted or rejected an alliance. No technical difficulties were involved. It was all a matter of whether or not an alliance or a convention was desired and desirable. From an alliance retreat was impossible without perjury; a convention left it to the British Government to recognize the "necessity" for participation. One can not escape being struck by the fact that Russia and France in thus bowing to the whim of the British Government must have valued their ententes with Great Britain far beyond the limits ordinarily set by "national honor" and sovereignty. Grey was willing to go so far and no farther, and the French and Russian Governments accepted his views without so much as offering a good argument for what they really did want—treaties of alliance with Great Britain.]

He added that England had no objections to an agreement in the same spirit as expressed in the correspondence between Cambon and himself, being entered into and concluded between the Russian and the English staffs of Admiralty. In a convention of this kind he saw the same practical advantages which result from the convention with France. He told us that he was thinking of a naval convention, because this, in view of the circumstances, was the most suitable, and because he was, moreover, disposed to believe that this would also be in accordance with the wishes of the Imperial Government.

Hereupon, Sir Edward Grey gave me a copy of the document which he had handed to the French ambassador on November 22, 1912, and Cambon on his part gave me, on the authority of his Government, a copy of the reply which he had directed to Sir Edward Grey on the following day.

In response to my question, Sir Edward declared that the most expedient thing to do would be to authorize our naval attaché in London to place himself in communication with the British staff of Admiralty. The first Lord of Admiralty, as well as the British ministers, were instructed as to our plans. The British staff of Admiralty is in possession of the conventions regarding the navy which were worked out in common by France and England. As to the remaining agreements, France, who was allied with us, might use them as she deemed necessary.

In thanking Sir Edward for his friendly sentiments, I confined myself to remarking that I would at once transmit the copies of both documents to your excellency and report to you exactly what he had told me when handing the copy.

(848. Letter from Sir Edward Grey to M. Paul Cambon, the French Ambassador at London. Nov. 22, 1912.)

"From time to time, during the course of the last few years [we seem to deal here with an inconsistency. The correspondence between Cambon and Grey is dated November 22 and 23, 1912, but says that 'from time to time, during the course of the last few years, the experts of the French and British military and naval authorities have consulted with one another'—in other words, the convention was in existence, and very broad in scope, as will be shown further on. Since the period of this activity by French and British military and naval agents was anterior to the exchange of the letters between Grey and Cambon, it is reasonable to assume that the Franco-Russian convention contained in its proper text certain stipulations and conditions as to the question of effectiveness of the understanding. The Russians were never informed of this, and, in their case, a writ of nonresponsibility, for the benefit of the British, was exacted as the very beginning of the negotiations. In the light of these facts, the value of the Grey-Cambon letters is no great one, being simply a screen for the actual understanding that made such military and naval cooperation with France possible] the experts of the French and English military and naval authorities have consulted with one another. It was constantly agreed that such discussions were not to restrict the freedom of decision of the two Governments as to whether the one was to support the other with arms or not. We assumed in this that such consultations by experts represented no agreement, and could not be regarded as one, whereby the one Government or the other would be pledged to intercede in an eventuality which had not yet taken place and which might never take place. Thus, for instance, the present division of the fleets of France and England is not based upon an obligation to operate in common in the event of war.

"You have in the meantime pointed out that if the one Government or the other should have weighty reasons to fear an unprovoked attack on the part of a third power, it would be necessary to know if it might, in such a case, count upon the armed assistance of the other. I am entirely of the opinion that if the one Government or the other should have weighty reasons to fear an unprovoked attack on the part of a third power, or any other threatened disturbance of peace, this Gov-

¹This text differs slightly from the version of the letter in the British "Blue Book," due, no doubt, to subsequent editing of the "Blue Book" text.

Government ought at once to come to an understanding with the other as to whether both Governments are to proceed in common in order to ward off the attack and to preserve peace, and to consider what measures are to be mutually taken. If these measures comprise a military action, then the plans of the general staffs are to be considered at once, and it would be the duty of the Governments to decide as to how far these were to be followed."

(849. Letter from M. Paul Cambon, the French Ambassador at London, to Sir Edward Grey, Nov. 23, 1912.¹)

You reminded me, through your letter of yesterday, the 22d of November, that from time to time during the course of the last few years the experts of the military and naval authorities of France and England have consulted with one another, that it was constantly agreed that these discussions were not to restrict the freedom of any Government in deciding in the future whether it wished to grant the other armed assistance or not, that these consultations between the experts formed no obligation on either side, and were not to be regarded as any which would compel the two Governments to intervene in certain eventualities, and that you have in the meantime pointed out that if one or the other Government should have weighty reasons to fear an unprovoked attack on the part of a third power it would be important to know whether it might count upon the armed assistance of the other.

Your letter gives the answer to this point and I am empowered to state that in the event of one of the two Governments having weighty grounds for fearing an attack by a third power or a disturbance of general peace, the Government in question ought at once to decide in conjunction with the other, whether a procedure in common by the two Governments would be feasible to prevent the attack or to preserve peace. In this case the two Governments would discuss the measures which were to be taken conjointly. Should these measures make a military action necessary, the two Governments would at once consider the plans of their general staffs, and a decision would be made as to how far these plans were to be followed.

(850. Sazonoff to the Russian Ambassador at London. Confidential letter, May 15-28, 1914. No. 47.)

The readiness of the British Government to begin, without delay [the British Government was in no hurry, according to Prince Louis of Battenberg, which is to be explained largely by the fact that the Russian fleet being a negligible quantity just then, Great Britain assumed most of the liabilities], negotiations regarding the conclusion of an agreement between Russia and England, which would concern joint operations of our naval forces in the event of a common military action, has been received on our part with a feeling of the greatest satisfaction. Quite apart from the fact that such an agreement is desirable from a special military standpoint we attach great importance to it in a general political sense.

In the conclusion of such an agreement we see an important step toward bringing England into closer union with the Franco-Russian alliance and an effective means of reinforcing the recognition of the common interests of England and Russia which, we are convinced, will favorably influence all the questions which affect British and Russian interests. I have called the attention of our ministry of the navy, in particular of our naval agent in London, most specially to the great political significance of the impending negotiations which the latter will have to carry on with the English staff of admiralty. [According to Grey, they were not to have "great political significance," and there was no mention in the Cambon letters of "active cooperation of their naval fighting forces," which term, however, Sazonoff may have considered as merely circumscribed. Be this as it may, Sazonoff evinces an eagerness hardly compatible with the dignity of the Imperial Russian Government.] The proposal made by the British Government respecting the form in which the convention is to be concluded is recognized by us as in every way suited to the purpose [showing that the Russian Government was not very particular as to quality], and Captain Volkoff has been instructed to enter into negotiations with the British Government. The principles which are to be considered during the impending negotiations have been the object of a consultation which took place on May 13-26 in the office of the chief of the staff of admiralty.

For your personal information, I append a copy of the resolutions passed at this conference.

"On May 13-26, 1914, a consultation took place in the office of the chief of naval staff for the purpose of an exchange of opinions respecting the impending negotiations as to a convention between Russia and England, which concerns the active cooperations of their naval fighting forces should warlike operations, agreed upon by Russia and England, take place with the participation of France. After it had been primarily remarked how desirable such a convention would be from a specific naval standpoint and, above all, with regard to general political considerations, the members of the conference, after a comprehensive examination of the question, came to the following decisions:

"It was first of all recognized that our naval convention with England, like the Franco-Russian naval convention, would have to bear in mind actions of our navy in conjunction with the English Navy which, while constituting actions agreed upon, would nevertheless be separate.

"As to the strategic aims, which, from our standpoint, are to become operative in the event of a war between the powers of the Triple Entente and the powers of the Triple Alliance [a very dangerous and undiplomatic admission], one must distinguish: on the one hand, between the operations in the region of the Baltic and the North Sea; on the other hand, the Mediterranean. In both we must seek to obtain compensation from England for diverting a part of the German fleet upon ourselves. [The Russians wanted 'compensation' even when they were the beneficiaries.]

"In the northern theater of war our interests demand that England should fetter as great a portion of the German fleet as possible in the North Sea. By this means the vast preponderance of the German fleet over our own would be equalized and perhaps permit, in the most favorable circumstances, a landing in Pomerania being made. Should it be possible to undertake this operation, its execution would be rendered extraordinarily difficult owing to the lack of transport vessels in the Baltic. The British Government might, therefore, assist us considerably by rendering it possible that a certain number of merchant vessels should be sent to our Baltic ports before the beginning of warlike operations so that the lack of transport vessels might be made good in this way. [This should remove all doubt as against whom the convention was directed. The *casus foederis* may have been absent, but the objective at least was plainly identified.]

"The situation in the Mediterranean also concerns our interests most essentially, since in the event of the Austro-Italian forces in this sea having the upper hand, an attack by the Austrian fleet in the Black Sea would be possible, which would mean a serious blow to us. It is, therefore, from our point of view, extremely important that a safe preponderance of the fighting forces of the Entente over the Austro-Italian Fleet in the Mediterranean be established. Since the Austro-Italian naval forces are superior to the French, it is desirable that England, by stationing the requisite number of vessels in the Mediterranean, secure the preponderance of the Entente Powers, at least so long as the development of our own fleet does not permit us to assume this duty. It would also be desirable that England's consent to our ships using the English ports in the eastern Mediterranean as bases be secured, similar to what is granted to us by the French naval convention, which permits us to make use of the French ports in the western Mediterranean.

"Should the question of the Straits (the Bosphorus and the Dardanelles) be discussed in connection with the situation in the Mediterranean, then political questions were not to be touched upon; but only temporary operations in the Straits, as one of our strategic measures in the event of war, were to be borne in mind.

"In addition, the conference recognized that it was desirable that all details of the relations between the Russian and the British navies in the projected naval convention between ourselves and England should be established. For this purpose it will be necessary to come to an understanding as to signals and special ciphers, wireless messages, and the relations between the British and the Russian naval staffs.

"It is moreover necessary that information regarding the navies of other powers, as well as one's own navy, and in particular with regard to technical details, instruments, and inventions, be exchanged between the two naval departments.

"In the opinion of the conference, it would also be necessary to arrange for a periodic exchange of opinion between the heads of the Russian and the English admiralty staffs according to the example of the Franco-Russian naval convention." [A rather accurate transcript of the above document passed into the hands of the German Government. The denials of the British and Russian Governments did not, and naturally could not, remove the deep impression made by the terms of the above communication. Despite that, Emperor William went on a trip into Scandinavian waters even after the assassination of Archduke Francis Ferdinand.]

(851. The Russian naval agent in London to the chief of the Russian staff of admiralty. Secret report, May 24-June 6, 1914. No. 182.)

I have the honor of reporting to your excellency regarding the purchase of the dreadnought [both Russia and Turkey were in the market for these ships, the population of the latter having raised the necessary funds by population subscription] belonging to Chile, as well as the prospective conditional agreement with England.

Before my departure from St. Petersburg it appeared to be certain that the Government of Chile had finally agreed to the sale and that this might hence be concluded in the near future.

After my return here and after a conversation with the firm of Armstrong I have the following results to report: Although the naval council in Chile has approved of the sale of the two dreadnoughts, the Government has not found it possible to confirm this decision, even though no final negative answer has been given on its part. This change of front is to be attributed entirely to the Chilean minister here.

¹ See first footnote to preceding document.

The latter once remarked, even before the beginning of our negotiations, that he considered it possible to sell the ships only to England. Since Armstrong is aware of this, he believes that the only means of securing us at least one ship is to have our ambassador request Grey to indicate to the Chilean minister that England would be pleased with this sale. It is still doubtful whether Grey will determine upon such a step. Should this be the case, we might count upon being able to purchase at least one vessel, if not both. After Grey has returned to London I shall submit these considerations to our ambassador and request his support.

As to the prospective naval convention with England, I have been able to establish the following after my conversation with the Prince of Battenberg [Louis, who had coordinated the Franco-British agreements]:

The British Government is in no haste, and it is the French Government which insists upon expediting this matter. [There was no need for haste so far as the British were concerned. The Russian fleet was a wholly negligible quantity and landing troops in Pomerania a quite impossible plan so long as the Entente fleet was not in control of the Baltic.] The prince intends to travel to Russia with his wife during the coming August, and he is authorized to discuss this question with the Naval Minister and with you. Before his departure he will ask me to see him with regard to an exchange of opinion, in order to prepare himself for the further negotiations which are then to take place in St. Petersburg. His Highness is quite in agreement with these negotiations.

(852. The Russian ambassador at London to Sazonoff. Letter, May 29-June 11, 1914.)

I notified Grey yesterday that Captain Volkoff had returned from St. Petersburg and had been instructed to enter into negotiations with the Admiralty. Grey replied that he would at once acquaint the First Lord of the Admiralty of this. On this occasion Grey remarked that certain indiscretions had regrettably been committed in this matter and that first German and then other newspapers had occupied themselves with this question. He regretted this, the more since he will be obliged to reply to a question relative to this which will be put to him in the Commons.

I replied that I, on my part, extremely regretted these indiscretions, which repeated themselves all too frequently; I was convinced that Your Excellency shared this point of view, and I told him that the *Novoe Verma* had published a demerit. [Showing what the value of governmental demerits—denials—is.] Grey was not aware of this, and was very well satisfied. [The virtuous Sir Edward.] He asked me to send him the text. He then told me in general outlines the answer which he thought of returning in Parliament, and which would cover our negotiations, as well as those which had taken place with France. [Indicating to what extent the British Parliament enjoyed the confidence of Grey and the Government.] I replied that it seemed expedient to me to treat the matter from this point of view.

(853. The same to the same. Telegram May 30-June 12, 1914. No. 149.)

Grey told me that he highly appreciated your frank and friendly declarations regarding the Turkish Navy. Had the British Government believed that the development of the Turkish Navy signified a danger for Russia, the British officers would not have been permitted to enter Turkish service. [This document shows diplomacy in its dull moments.] Since this permission, however, has only been granted to enable the Turkish Navy to defend the independence of Turkey every deviation from this aim would meet with the disapproval of the Government. Grey added that a refusal would have resulted in the Turkish Government turning to Germany, which would have been contrary to the interests both of Russia and England. [Not a sound argument, since Great Britain and Russia succeeded in making the German military mission in Turkey almost entirely impossible. The presence in Turkey of the British naval mission was the only reason why the Turkish Government was permitted to retain the services of Liman von Sanders Pasha, so that there was no danger at all that the development of the Ottoman fleet would have been left to the Germans. There were times when Sir Edward Grey had a poor opinion of the intelligence of the Russians, and this was one of them. The astute Benckendorff had fallen under the sway of the "closer relations" promoted by the proposed naval convention and once more lost his splendid perception and fine judgment.] As to the ordering and the sale of ships in England, the Government had no legal means at its disposal to oppose these. Nevertheless, the British ambassador in Constantinople has been instructed to make representations to the sublime porte, and the British officers in Constantinople are to express themselves in the same sense, though more indirectly.

These declarations have, however, brought about the result, that without any previous notification of the British Government, and without any cooperation with the naval mission, direct contracts have been signed between the Turkish Government and English shipbuilding yards which lie quite beyond the influence of the Government. Grey is of your opinion, that complications with Greece are to be feared

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if Turkey should increase her armaments; he trusts, however, that prudence will keep the upper hand in Constantinople. Should the crisis grow acute the Government at London is prepared to come to an understanding with us without delay and to confer as to the attitude which is to be adopted. [Turkey was augmenting her naval forces, because Greece was negotiating, through a Fred J. Gauntlett, for the purchase of the United States battleships *Idaho* and *Mississippi*, which the United States Congress knocked down at the bargain-counter figure of exactly \$12,535,276.98.]

(854. The Russian ambassador at London to Sazonoff. Telegram May 31-June 13, 1914. No. 150.)

Your telegram No. 1137 received. I have repeatedly discussed this question with the foreign office during the last few days. The difficulty lies in the fact that the Chilean minister is opposed not only to a sale to Russia, but to any sale whatsoever. Grey told me the day before yesterday that he would make use of a favorable opportunity to prevail as much as possible on the minister.

(855. The same to the same. Telegram June 12-25, 1914. No. 167.)

Grey told me to-day that he was greatly alarmed by the false rumors which were circulating in the German press concerning the contents of the alleged naval convention between England and Russia in connection with the question of the Straits; he had deemed it necessary to speak of this in confidence to Lichnowsky, who is going to Kiel, where he is to see the Emperor. Grey assured the German ambassador that the question of the Straits had not been discussed between England and Russia for five years. [Hardly true.] He assured him that between England on the one hand and France and Russia there existed neither an alliance nor a convention. ["And Brutus is an honorable man."] He, nevertheless, told him that he did not wish in any way to conceal from him that the intimacy between the three Governments had grown so great during these last years that they had on all occasions come to an understanding upon all questions just as though they were allies. On the other hand he affirmed that during the course of these years such negotiations had never assumed a character directed against Germany. [A falsehood.] Nor had they any reference to the so-called "encircling policy." [In this connection the answer given by Sir Edward Grey to the questions put to him in the House of Commons by Mr. King, member of Parliament, and by Sir W. Byles, member of Parliament, in June, 1914, deserves to be cited:

"3. Mr. King asked whether any naval agreement has been recently entered into between Russia and Great Britain, and whether any negotiations, with a view to a naval agreement, have recently taken place or are now pending between Russia and Great Britain.

"5. Sir William Byles asked the Secretary of State for Foreign Affairs whether he can make any statement with regard to an alleged new naval agreement between Great Britain and Russia; how far such agreement would affect our relations with Germany, and will he lay papers.

Sir E. Grey:

"The honorable member for North Somerset asked a similar question last year with regard to military forces, and the honorable member for North Salford asked a similar question also on the same day, as he has again done to-day. The Prime Minister then replied that if war arose between European powers there were no unpublished agreements which would restrict or hamper the freedom of the Government or of Parliament to decide whether or not Great Britain should participate in a war. That answer covers both the questions on the paper. It remains as true to-day as it was a year ago. No negotiations have since been concluded with any power that would make the statement less true. No such negotiations are in progress, and none are likely to be entered upon, so far as I can judge. But if any agreement were to be concluded that made it necessary to withdraw or modify the Prime Minister's statement of last year, which I have quoted, it ought, in my opinion, to be, and I suppose that it would be, laid before Parliament."

Another falsehood—flavored with a grain of truth.

(856. Sazonoff to the Russian ambassador at London. Confidential letter, June 12-25, 1914.)

Immediately before the departure of our courier I hasten to inform you that I had another long conversation yesterday with the British ambassador, whose attention I called to the serious danger of a cooling of our relations to England on account of the Persian question. I assumed that the perturbation and excitement which had been noticeable of late in England were most likely to be traced back to the fact that fears as to the position of England in India were once more becoming manifest. Sir George Buchanan conceded that my assumption was for the greater part correct. In consequence, I once more repeated to him all the arguments which prove how unfounded all such fears are, and I even hinted that, should it be desired, we could give to the British Government and to public opinion there reassuring declarations in regard to this in the most decisive form.

I have for the present contented myself with these hints; yet it seems to me quite possible that later on, in connection with our fur

ther negotiations, we might propose to England to give her a guarantee of her Indian possessions as effective as that given her by Japan in 1902.

At the present time it appears to me necessary to conclude the proposed naval conference as quickly as possible. [A rather interesting statement in the light of the "open secret" making the rounds in Europe at that time, that in the course of that summer the Archduke Francis Ferdinand of Austria was to be put out of the way because of his alleged anti-Slav tendencies, as he was three days after the writing of this letter. There had never been much antipathy against Austria-Hungary in England, and Sazonoff needed some assurance that he would have the support of the British Government when the work of the Crown Prince Alexander and the Serbian Narodna Odbrana should have produced the next Balkan crisis.] *It is important not to postpone the conclusion of this agreement, and His Majesty was graciously pleased to express himself in this sense to the British ambassador in my presence. To close, I will mention that Sir George Buchanan was received yesterday in special audience by the Czar in order to hand him an autograph letter from King George. This letter is couched in very friendly terms, and expresses the hope of His Majesty that the relations between Russia and England might not be troubled on account of the Persian question.*

(857. The Russian ambassador at London to Sazonoff. Letter, June 19—July 2, 1914.)

I have received your very confidential letter of June 12—25. The answer which was given to you by Sir George Buchanan in reply to your statement that in England there was a revival of the old fears as to India is undoubtedly correct; it must, however, be supplemented by a few additional words.

Inasmuch as the security of India is a consequence of the political entente between Russia and England, it follows that public opinion in England, as well as the British Government, in full confidence as to our intentions, have no fears so long as this entente exists. Should this entente come to an end, there would be a revival of the fear in question. We have to deal therefore with an hypothesis, which, however, arises only if the entente appears to be threatened by the events in Persia. It seems to me important to lay stress upon this difference, for the fears of the English do not go further than I have just indicated.

This does not, however, preclude the possibility of finding, in connection with certain modifications of our present agreements, a formula which would give expression to the security of India in a still more direct manner; this would merely make our entente still closer.

The conversations which I have had with Grey during the last few days prove this in a manner which is as clear as it is convincing. I shall do all that lies in my power to expedite the negotiations between Captain Volkoff and the British Admiralty. I see no indication that the British Government hesitates, in any way, to carry out the plan agreed upon in Paris. I believe, on the contrary, that this question has assumed a still greater importance in the eyes of the British Government; it sees in this a practical necessity and a natural result of the entente. If the matter has dragged up to the present, this is to be attributed to the circumstance, of which I was, moreover, informed from the very beginning, that the Government wishes to instruct Prince Louis of Battenberg to bring the negotiations in St. Petersburg to a close. The exact date of this quite private visit, concerning which nothing is to penetrate into the public, has not yet been fixed. Naturally, the date of this visit depends only in a slight degree upon Prince Louis himself.

One circumstance, which at first glance is of merely subordinate importance, but which is in reality much more important than one is disposed to assume, has up to the present adversely influenced the preparatory negotiations of Captain Volkoff. I allude to the indiscretions which have been committed. It is true that these, having very likely been committed in Paris, cause no particular surprise. Notwithstanding, it must be remarked that nothing has ever become known as to the Anglo-French convention. (The existence of which Grey denied in Parliament.)

There seems to be no doubt that this time the alarm in Berlin has been very great. (Resulting from the assassination of the Austrian heir presumptive.) Perhaps Sir Edward Grey desires that this should be somewhat allayed before he enters upon further negotiations. It is, indeed, true that he would find it difficult to issue a dementi, and to go on negotiating at the same time—a rôle which he would be obliged to play toward Germany, as well as toward a considerable portion of his own party, and the English press.

It is evident that your conversation with the British ambassador will exercise a good influence.

(858. The same to the same. Confidential letter, July 3—16, 1914.)

I have but very little that is of interest to report to you to-day. Grey told me yesterday that he had received no further disquieting news from Vienna and Berlin during the last few days. Nevertheless, he did not seem to be very reassured. He considers the outbreak of

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national passions as very dangerous, the more so since there are but very few elements which would be able to restrain them. He says that we can no longer count upon Germany being the peacemaker under all circumstances. Nicolson is less uneasy. His standpoint is based upon the idea that Emperor Francis Josef could desire warlike complications this year less even than during the preceding year now that the Archduke Francis Ferdinand, who was to be the leader of the party of action, was no longer there. I have no doubt that Grey has used very plain language in Berlin and Vienna.

The military advance on Germany while Germany was prevented from mobilizing by diplomatic negotiations appears from the dispatches published in "The Falsification of the Russian Orange Book." (Exhibit VII.)

(Explanation of the different types employed. Roman print: Text of the official Russian Orange Book to which no exception can be taken after comparison with the original telegraphic texts of the documents. *Italic print*: Falsifications and omissions in the official Russian Orange Book as proved by the same documents.)

EXHIBIT VII.

DOCUMENTS.

(From the chargé d'affaires in France to the Minister for Foreign Affairs.)

(Tel. No. 184.)

PARIS, 11/24 July.

The copy of the note handed in at Belgrade was officially communicated to the French Government by the Austrian ambassador to-day, with the addition of detailed reasons for it, which have already appeared in the newspapers. Later the German ambassador saw the minister (Blenvenu-Martin, French minister of justice, representing the foreign minister during the latter's visit to Petersburg) and read to him a communication setting forth the Austrian arguments and stating that if Serbia refused compliance or adopted a defiant attitude Austria would be obliged to exert pressure and, if necessary, take military measures. At the end it was stated that in the German view this was a matter that should be directly settled by Austria and Serbia themselves, and that it was to the interest of the powers in general to leave the affair to the powers concerned. Germany ardently desired the localization of the conflict, as the interference of any other power on the ground of existing treaties must have incalculable consequences. Berthelot, the director of the political section, who was present at the interview, asked the ambassador whether Austria's action was to be regarded as an ultimatum or only as a summons, or, in other words, whether warlike action would inevitably follow if Serbia did not acquiesce unconditionally in Austria's demands. The ambassador evaded replying by stating that he had no instructions on that point, but it could be gathered from his tone that hope was not lost that the affair would be settled by negotiation between Austria and Serbia. As Berthelot also told me, ex-Minister Pichon had an interview with the Austrian ambassador to-day, from which he also gained the impression that Austria-Hungary did not intend her step to be regarded as an unconditional ultimatum.

SEVASTOPULO.

(The Minister for Foreign Affairs to the chargé d'affaires in France.)

(Tel. No. 1488.)

ST. PETERSBURG, 11/24 July.

The communication made by the Austro-Hungarian Government to the powers on the day following the handing of the ultimatum to Belgrade leaves the powers only a short period in which to undertake anything for setting aside the complications that have arisen. In order to obviate the incalculable consequences, fateful for all the powers alike, which could result from the mode of action adopted by the Austro-Hungarian Government, it appears to us indispensable to prolong the time granted to Serbia. Austro-Hungary, which has declared her readiness to communicate to the powers the results of the investigation on which her accusations are grounded, ought also to afford them the possibility of forming a judgment concerning the matter. In the event of the powers being convinced of the justification for certain Austrian demands they would be in a position to convey corresponding advice to the Serbian Government. A refusal to extend the term of the ultimatum would deprive the step taken by Austro-Hungary of all effect as regards the other powers and would be contrary to all international custom.

We instruct Kudasheff (Russian chargé d'affaires in Vienna) to speak to this effect, and hope that the Government to which you are accredited will declare its concurrence in our views and immediately instruct its representative in Vienna to take action accordingly. London, Rome, Berlin, Belgrade, and Bucharest informed.

SAZONOFF.

(The chargé d'affaires in France to the Minister for Foreign Affairs.)
(Tel. No. 186.)

PARIS, 12/25 July.

With reference to my telegram No. 184.

The declarations made by the German ambassador yesterday are reproduced to-day, although perhaps not in their exact form, by the Echo de Paris, with comments, in which the threatening character of this step is emphasized. The ambassador, much concerned at this indiscretion, saw Berthelot this morning and insisted that his words by no means bore the threatening character attributed to them. He declared that Austria had handed her note to Serbia without any previous discussion of it with Berlin, but that Germany approved of Austria's point of view, and that naturally if, as he expressed it, "the arrow was once let fly," Germany could only be guided by her duty as an ally. *The fact that Baron Schön has deemed it necessary to take this new step has to some extent reassured the foreign ministry as being an indication that Germany does not seek for war in any case. In consequence the Agence Havas is publishing a communication from the Germany Embassy in the sense of Baron Schön's statement of to-day, in which it is pointed out that the Austrian note has not the character of an ultimatum, but only means that an answer is demanded within a given period. The announcement further states that the German step only had for its object the localization of the Austro-Serbian conflict. The revelations of the Echo de Paris caused a panic of the Bourse to-day. The absence of the President of the Republic and of the Minister President (Viviani) prevents the foreign office for the moment from expressing its opinion definitely regarding present events. Public opinion and the press, without distinction of parties, are extremely excited by these events; even Jaurès strongly condemns Austria's action, which threatens to let loose a general war.*

SEVASTOPULO.

(Foreign Minister to the ambassador in France.)

(Tel. No. 1508.)

ST. PETERSBURG, 13/26 July.

I am telegraphing to Vienna as follows:

"To-day I had a long and very friendly conversation with the Austro-Hungarian ambassador. After I had examined with him the ten demands addressed to Serbia, I remarked that, apart from the anything but dexterous form in which they were drawn up, some of them were absolutely impossible of fulfillment, even if the Serbian Government should declare its readiness to accept them. For example, points 1 and 2 could not be carried out without an alteration of the Serbian laws regarding the press and assembly, to which the approval of the Skupstchina could scarcely be obtained; on the other hand, the fulfillment of points 4 and 5 might have extremely dangerous results and even call forth terrorist attempts against members of the royal house and against Pashitch, which could scarcely be Austria's intention. As to the other points, it appeared to me that, subject to certain alterations of details, it would not be difficult to find a basis for an understanding if the accusations they contained could be supported by adequate proof.

"In the interests of the maintenance of peace, which, according to Szapary's words, Austria desired as sincerely as the other powers, it was essential to put an end as soon as possible to the present state of tension. To this end it seemed to me very desirable that the Austro-Hungarian ambassador should be empowered to enter into a private exchange of views with me for the purpose of making a mutual redraft of some of the articles in the Austrian note of the 10th (23d) of July. In this way it would probably prove possible to find a formula acceptable to Serbia, and at the same time affording Austria satisfaction regarding her most important demands. Speak in the sense of this telegram in a cautious and friendly manner with the minister for foreign affairs. Berlin and London informed.

"SAZANOFF."

(The chargé d'affaires in France to the Minister for Foreign Affairs.)
(Tel. No. 187.)

PARIS, 13/26 July.

To-day the German ambassador again visited the substitute minister for foreign affairs (Bienvenu-Martin) and made to him the following statement: "Austria has declared to Russia that she seeks no territorial gains and does not threaten the integrity of Serbia. Her sole object is to secure her own peace and to maintain order (*faire la police*.) [The words in italic reveal aptly the Austro-German idea of how to handle the conflict with Serbia, but which, however, Russia has never accepted.] In consequence of this it depends upon Russia to obviate war. Germany feels herself at one with France in the earnest desire to preserve peace, and trusts that France will use her influence in Petersburg in a moderating sense." The minister observed that Germany for her part might do the same in Vienna, especially after the proof Serbia had given of her desire to be conciliatory. The ambassador replied that that seemed to him impossible, as Germany was determined not to interfere in the Austro-Serbian quarrel. The minister then asked whether the four powers, England, Germany, Italy, and France, could not take steps in Petersburg and Vienna, as it was

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In effect a case of a quarrel between Russia and Austria. The ambassador appealed to his lack of instructions on this point. Finally, the minister decided to accept the German proposal as the minister president was absent. Unfortunately, Berthelot was not present at this conversation. [This sentence was omitted in the Orange Book because it would have weakened Berthelot's view as expressed in the following telegram from Paris, No. 188 of July 26th, to the effect that Germany was seeking to intimidate France.]

SEVASTOPULO.

(The chargé d'affaires in France to the Minister for Foreign Affairs.)
(Tel. No. 188.)

PARIS, 13/26 July.

Continuation of my Tel. No. 187.

Berthelot, the director of the political department, declared that in his personal opinion the successive German démarches in Paris were intended to intimidate France [compare note to the telegram from Paris, No. 187, of July 26th] and to secure her intervention in Petersburg. Taking all the facts together, and in view of the whole attitude of Germany and Austria-Hungary, he inclines to the opinion that these powers are striving after a brilliant diplomatic victory, but do not desire war in any case, although if it comes to extremes they will not shrink from it. He considers emphatic and energetic action by England and Berlin useful.

SEVASTOPULO.

(The chargé d'affaires in France to the Foreign Minister.)

(Tel. No. 189.)

PARIS, 13/26 July.

The director of the political department informed me that the Austrian ambassador, as he informed him of the contents of Serbia's reply to the ultimatum, did not conceal his astonishment that Giesl (the Austro-Hungarian minister in Belgrade) had not been satisfied with it. Serbia's complaisance must, in the opinion of the director of the political department, have a very favorable effect.

SEVASTOPULO.

(The Minister for Foreign Affairs to the ambassador in France.)

(Tel. No. 1521.)

ST. PETERSBURG, 14/27 July.

With reference to Sevastopulo's telegram No. 187 and mine No. 1508. Instructed by his Government, the English ambassador asked me whether Russia is agreeable that England should take the initiative and summon the representatives of France, Germany, and Italy to a conference in London in order that the four powers may discuss the finding of a way out of the present situation.

I replied to the ambassador that, although my negotiations with the Austrian ambassador had begun favorably (Vienna regarded a redrafting with Russian help of the ultimatum which she had already handed to Serbia as inadmissible, but was ready to negotiate with Petersburg regarding it. This readiness of Austria-Hungary, which is so plainly recognizable in the further course of events, and which was attributable to Germany's advice, is to be seen from telegram No. 1592 from Petersburg, which was suppressed), I had received no reply to my proposal regarding a combined redrafting of the note. I was therefore ready to accept this or any other English proposal calculated to effect a peaceful settlement if our direct negotiations with the Vienna cabinet lead to no result. *It was, nevertheless, necessary for me to duly set aside a misunderstanding which had crept into the reply of the substitute minister for foreign affairs (Bienvenu-Martin) to the German ambassador. If there is a question of exercising a moderating influence in Petersburg, we reject it in advance (Sazanoff measures with two sorts of measures, as he and his allies constantly urged that Germany should exercise a moderating influence of this sort in Vienna. Compare the suppressed telegram No. 201 of July 28 from Paris and No. 203 of July 29), as we have adopted a standpoint from the outset which we can in no way alter, as we have already shown ourselves favorable to all of Austria's acceptable demands.*

The ambassadors in England, Germany, Austria-Hungary, and Italy informed.

SAZANOFF.

(The Foreign Minister to the ambassador in France.)

(Tel. No. 1524.)

ST. PETERSBURG, 14/27 July.

Referring to my telegram No. 1521.

I have made myself acquainted with the reply which the Serbian Government handed to Baron Giesl. It exceeds all our expectations by its moderation and the readiness (expressed) to give Austria the fullest satisfaction. Unless the Vienna cabinet is seeking for a pretext for an expedition (in the Orange Book the word "expedition" is replaced by the word "war." The change effected by this one word makes clear the difference between the Russian and the Austrian view of the dispute) against Serbia, we do not understand of what Austria's further demands could consist. Berlin, Rome, Vienna, London, Constantinople informed.

SAZANOFF.

(The chargé d'affaires in France to the Foreign Minister.)
(Tel. No. 190.)

(In the Orange Book the whole of this telegram is falsified, and reads there: "The German ambassador discussed the situation anew and in detail to-day with the director of the political department. The ambassador strongly insisted upon excluding any sort of possibility of mediation or of a conference.")

PARIS, 14/27 July.

Referring to my Tel. No. 187.

The conversation referred to in this telegram took place at 5 o'clock. At 7 o'clock the German ambassador came to the ministry for the second time and discussed the situation in detail with Berthelot to try and find a way out. He insisted upon ruling out all possibility of mediation or of a conference, but expressed the view that perhaps England could give advice to Vienna. He did not, however, make it clear whether this idea originated with his Government or whether it was his own. Finally he expressed the wish that a short communication regarding the Franco-German negotiations should be published which should have as its object the maintenance of peace, and this has been done to-day.

London informed.

SEVASTOPULO.

(The chargé d'affaires in France to the Foreign Minister.)
(Tel. No. 191.)

PARIS, 14/27 July.

The French ambassador in Switzerland insists upon the desirability of filling the post of Russian military attaché in Switzerland as soon as possible.

SEVASTOPULO.

(The ambassador in France to the Foreign Minister.)
(Tel. No. 192.)

PARIS, 14/27 July.

Your telegram No. 1508 shows that you did not yet know the Serbian Government's reply. The telegram sent to me from Belgrade bearing this news was 20 hours on the way. The pressing telegram of the French Foreign Minister sent to Vienna at 11 a. m. the day before yesterday with the order to maintain our standpoint was only delivered at 6 o'clock. Here there is no doubt as to an intentional delay on the Austrian lines.

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)
(Tel. No. 193.)

PARIS, 14/27 July.

Having just returned I have taken over the conduct of the embassy.

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)
(Tel. No. 194.)

PARIS, 14/27 July.

The President of the Republic has given up his visit to Copenhagen and Christiania and returns here on Wednesday.

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)
(Tel. No. 195.)

PARIS, 14/27 July.

Immediately after my return to Paris I had a discussion with the acting minister for foreign affairs in presence of Berthelot and Abel Ferry. (The undersecretary of state in the French foreign office. Left out because of the suppression of the second half of this telegram.) They confirmed for me the details of the steps taken by the German ambassador and communicated to you by Sevastopulo in his telegrams. This morning Baron Schön confirmed his statement of yesterday in writing, as follows: "(1) Austria has informed Russia that she seeks no territorial gains and does not threaten the integrity of Serbia. [Although the omission of this word does not alter the general sense, it apparently deprives the Austrian assurances of all point.] Her sole object is to preserve her own tranquillity. (2) It therefore rests with Russia to obviate war. (3) Germany and France, being absolutely at one in the ardent desire not to disturb the peace, should influence Russia in a moderating sense." In this connection Baron Schön very particularly underlined the statement as to the solidarity of Germany and France. The acting minister for foreign affairs was persuaded that the object of the above-mentioned action on the part of Germany was undoubtedly to promote disunion between Russia and France, to induce the French Government to make representations in Petersburg, and in this way to isolate our ally, and in the event of war to divert the responsibility from Germany, who, to all appearance, would have done all she could to maintain peace and to place this responsibility upon Russia and France. To-day at 2 o'clock, prior to the taking by the Austrian ambassador of the step described in my telegram No. 196, the German ambassador visited Abel Ferry and, in the name of his Government, made a new proposal for the "intervention of France and Germany between Russia and Austria." Abel Ferry replied that he would bring this proposal to the knowledge of the acting foreign min-

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ister, and only observed that it would be more to the point to leave intervention to the four powers, and to that Baron Schön personally agreed. The acting foreign minister told me that he did not quite understand this new step of Baron Schön's; that he mistrusted it, and merely intended to tell him in the morning that he would receive a reply from the foreign minister when he returned to Paris on Wednesday. For the rest, I was surprised at the correct understanding of the situation manifested by the acting minister and his assistant and to see how firm and tranquil they were in their determination to extend to us their fullest support and to avoid the slightest appearance of any lack of unity between us. [The second half of this telegram was suppressed in the Orange Book because it proved the repellent and in no way justified mistrustful attitude of France, which precluded in advance the possibility of success attending the steps taken in Paris and Germany.]

IZVOLSKI.

(The ambassador in France to the Minister for Foreign Affairs.)
(Tel. No. 196.)

PARIS, 14/27 July.

Instructed by his Government, the Austrian ambassador here informed the acting foreign minister that Serbia's reply was considered unsatisfactory in Vienna, and that to-morrow, Tuesday, Austria would take "energetic steps" to compel Serbia to give her the necessary guaranties. In reply to the minister's query as to what these steps would consist of, the ambassador said that he had not been precisely informed on that point, but that it might be a case either of an ultimatum, of a declaration of war, or of a crossing of the Serbian frontier. [In the Orange Book the end of the telegram is as follows: "But it might be a case of a crossing of the Serbian frontier, of an ultimatum, or even of a declaration of war." Therefore subsequently the last eventuality is represented as a particularly severe means of exerting pressure.]

IZVOLSKI.

(The ambassador in France to the Minister for Foreign Affairs.)
(Tel. No. 197.)

PARIS, 14/27 July.

[This telegram was suppressed in the Orange Book because it constituted unpleasant proof that Germany's attitude was not unconditionally warlike.]

Jules Cambon (French ambassador in Berlin) telegraphs from Berlin that in reply to his question as to what attitude Germany would adopt toward a partial mobilization by Russia, Jagow (German secretary of state for foreign affairs) replied that a mobilization of that kind would not result in German mobilization, but that if Russia attacked Austria, Germany would immediately reply by attacking Russia.

IZVOLSKI.

(The Foreign Minister to the ambassador in France.)
(Tel. No. 1528.)

ST. PETERSBURG, 15/28 July.

I am telegraphing to London as follows:

From my conversations with the German ambassador I gain the impression [in the Orange Book the words "more and more" have been subsequently added] that Germany has previously become a party to Austria-Hungary's unyielding attitude. [That is to say, that Germany shared Austria's opinion as to the symptomatic significance of the Serajevo murder as a danger to the monarchy.] The Berlin cabinet, which could have arrested the development of the entire crisis, appears to exercise no sort of influence upon its ally. The ambassador here regards the Serbian reply as unsatisfactory.

This attitude of Germany's appears to me extremely disquieting, and I am of opinion that England more than any other power is in the position to undertake in Berlin the necessary steps to exert corresponding influence. Without doubt the key to the situation is in Berlin. [By means of a very clever rearrangement these words, instead of being placed at the end and in connection with the steps recommended to be taken by England in Berlin, are put into the first sentence, which then reads: "My private talks with Pourtalés constantly strengthen my impression that the key to the situation is in Berlin, and that Germany is in sympathy with Austria's irreconcilable attitude." This was to create the impression that the true cause for Austria's unyielding attitude was to be found in Berlin.]

SAZONOFF.

(The Minister for Foreign Affairs to the ambassador in France.)
(Tel. No. 1538.)

ST. PETERSBURG, 15/28 July.

I am telegraphing to London with respect to my telegram No. 1521. With regard to a declaration of war against Serbia, my direct negotiations with the Austro-Hungarian ambassador are apparently purposeless. (The Orange Book reads: "In view of hostilities between Austria-Hungary and Serbia, it is necessary that England," etc. There is here an intentional double falsification. On the one hand no hostilities had then taken place [compare also the first italicized sentence in the telegram from Petersburg No. 1544 of July 29], and on the other

hand it is therefore Petersburg and not Vienna which first rejected the idea of direct negotiations between the two cabinets.] It is necessary that England should initiate mediatory action with all possible speed, and that Austria's military action against Serbia should be suspended without any delay, otherwise mediation only serves as a pretext to greatly postpone the solution of the question and afford Austria time to completely smash Serbia. [The Orange Book states further: "and to assume a commanding position in the Balkans." This addition has for its purpose to represent subsequently as a question of European equilibrium the Austro-Serbian conflict, which, in the view of most of the great powers, was capable of localization.]

SAZONOFF.

(The Minister for Foreign Affairs to the ambassador in France.)
(Tel. No. 1539.)

ST. PETERSBURG, 15/28 July.

I am telegraphing to Berlin—

In consequence of Austria-Hungary's declaration of war against Serbia, we shall announce to-morrow a mobilization of the Odessa, Kieff, Moscow, and Kasan military districts. (The whole telegram is suppressed in the Orange Book because it indisputably shows that the Serbian and Russian mobilizations were far more extensive than the military measures previously effected by Austria-Hungary against Serbia alone, and that therefore Russia could in no way feel that she was threatened by Austria.) *In bringing this to the notice of the German Government repeat that Russia has no aggressive intentions against Germany. Meanwhile our ambassador in Vienna is not being recalled. London, Vienna, and Rome informed.*

SAZONOFF.

(The Foreign Minister to the ambassador in France.)
(Tel. No. 1540.)

ST. PETERSBURG, 15/28 July.

You can communicate the contents of my telegram, No. 1539, to the Government to which you are accredited. London, Vienna, and Rome informed.

SAZONOFF.

(The ambassador in France to the Foreign Minister.)
(Tel. No. 198.)

PARIS, 15/28 July.

Your telegram, No. 1521, received. I deem it my duty to make clear that, as results from my conversation yesterday at the Quai d'Orsay, the acting French minister for foreign affairs did not for a moment admit the possibility of exercising a moderating influence in Petersburg [here again two sorts of measures are employed. Compare note to telegram from Petersburg, No. 1521, of July 27, and the concluding remarks in the suppressed telegram from Paris, No. 20, of July 28], but only retorted to the German ambassador that it was not Russia but Austria who threatened peace, and that in any case if it was a question of exerting a moderating influence, this must be done not only in Petersburg but before all in Vienna. As a result of his conversation with Baron Schön, the minister declined to accept the German proposal.

IZVOLSKI.

(The ambassador in Paris to the Foreign Minister.)
(Tel. No. 201.)

(This entirely suppressed telegram is exceedingly valuable in regard to forming a judgment concerning Germany's attitude during the crisis. With regard to the impossibility of the exertion by Germany of too strong a pressure in Vienna, compare note to the telegram, No. 1521, of July 27, from Petersburg, and the suppressed telegram, No. 198, of July 28, from Paris.)

PARIS, 15/28 July.

The German ambassador again visited the acting foreign minister to-day and declared that although he had no communication or proposal of an official nature to make, he nevertheless wished to talk with him regarding the situation and the means of avoiding steps which would be incapable of being recalled. He added that Germany ardently desired to work with France for the maintenance of peace. In reply to the minister's observation that England had put forward a project for mediation which France and Italy had already accepted, Baron Schön replied that Germany was ready to identify herself with this action, provided that it did not take the unacceptable form for Austria of a tribunal of arbitration or of a conference. The minister replied that if Austria only raised objection to the form the same object could be attained by other means, and that it would be very easy for the German Government to insist that Austria should afford the powers time in which to find a conciliatory exit from the impasse. Baron Schön replied that he had no instructions on this point, but knew that Germany was not in a position to exert pressure on Austria. In this connection the ambassador complained of the French press, which unjustly accused Germany of instigating Austria. According to what he said, it is true that Germany approves of Austria's action, but that she had not been informed in advance of the contents of the Austrian note. The German Government could not inter-

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ferre too brusquely with Austria, who must obtain guarantees as regards Serbia. Finally the ambassador again affirmed that Germany was ready to cooperate with the other powers for the maintenance of peace.

IZVOLSKI.

(The Minister for Foreign Affairs to the ambassador in France.)
(Tel. No. 1544.)

ST. PETERSBURG, 16/29 July.

With reference to my telegram No. 1521, I am telegraphing to Berlin. The German ambassador informed me on behalf of the imperial chancellor that Germany had not ceased and will not cease to exercise a moderating influence in Vienna and would continue to do so despite the declaration of war. *Up to this morning no news has been received of the crossing of Austrian troops onto Serbian territory.* [Compare note to telegram No. 1538, of July 28.]

I requested the ambassador to convey my sincere thanks to the chancellor for the friendly character of his communication. I acquainted him with the military measures that Russia has taken, informing him that these are in no way directed against Germany, neither constitute aggressive measures with regard to Austria. The steps taken by us are to be explained by the mobilization of a large part of the Austrian Army.

To the ambassador's proposal to continue direct negotiations with Vienna I replied that we were ready to do so if Germany's advice found an ear in Vienna. At the same time I declared that Russia is prepared to accept the proposal of a conference of the four powers, with which Germany does not appear quite sympathetic. The best method of utilizing all means to a friendly solution appeared to us to be parallel negotiations of the four powers, England, France, Italy, and Germany, and our simultaneous direct conversations with the Vienna cabinet, as had been resorted to in the moments of greatest tension during the crisis of last year.

In face of the Serbian concessions it appeared to us to be not difficult to come to an understanding regarding the uncertainty still existing with respect to other points if Austria showed good will and the powers [in the Orange Book "Germany" is substituted for "the powers." Thus here again there is the attempt to throw the whole responsibility upon Germany similarly as in the displacement called attention to in the note to telegram No. 1528 of July 28] used their influence in a pacifying sense.

London, Nisch, Vienna, Rome, Bucharest, and Constantinople informed.

SAZONOFF.

(The Foreign Minister to the ambassador in France.)

(Tel. No. 1547.)

PETERSBURG, 16/29, July.

I beg you to communicate the contents of my telegram No. 1544 to the Government to which you are accredited. I am also telegraphing a similar message to London and Nisch. [The communication of this telegram to the Serbian Government certainly did not tend to move it to a change of course.]

SAZONOFF.

(The Foreign Minister to the ambassador in France.)

(Tel. No. 1548.)

PETERSBURG, 16/29, July.

With reference to my telegram No. 1544.

At the time of my last conversation with the German ambassador I had not received telegram No. 105 [telegram No. 105 is as follows: "Vienna, 15/28 July. I have just spoken in a very friendly manner with Berchtold. The Austro-Hungarian ambassador can be given full power to effect a private exchange of views with you regarding a combined redrafting of some of the articles in the Austrian note. I declared that such a solution of the question was desirable for Austria herself, as it would improve her relations with Russia and would offer substantial guarantees for the future relations of the monarchy with Serbia. I directed Berchtold's attention in this connection to the danger to the peace of Europe which would result from an armed conflict between Austria and Serbia. The foreign minister replied that he was fully conscious of the seriousness of the situation and of the advantages to be derived from a free exchange of opinions with us, but that the Austro-Hungarian Government, which had only decided very unwillingly to take harsh measures against Serbia, could not at present give way and enter into a discussion of the text of its note. *The crisis had become so acute and public opinion in the country was so excited that the Government, even if it so desired, could not undertake such a step, the more so because Serbia's reply proved the insincerity of her promises regarding the future. The foreign minister was evidently greatly disturbed by the news of Montenegro's mobilization and expressed his astonishment at this measure, which, in his opinion, there was nothing to justify. I have gained the impression from this conversation that the Austro-Hungarian Government has at present decided to deal Serbia a blow in order to enhance its influence in the Balkans and at home, and that it counts upon Germany's support and the love of peace of the other powers in order to localize the conflict.*" [Simi-

lar telegrams to Berlin, Paris, London, and Nisch. Schebeko.] from our ambassador in Austria, from which it appears that the Vienna Cabinet refuses to enter into a change of views with us. [In opposition to this assertion it must be emphasized that Austria nevertheless strove for the localization of her conflict with Serbia, and that her refusal to undertake with Russia a redrafting of the text of the note to Serbia, as asserted by Sazonoff, did not extend to the question of direct negotiations with the Petersburg Cabinet. Compare note to telegram No. 1521 of July 27 and the suppressed telegram No. 1592.] In consequence of this we leave completely to England the initiative as regards the steps she may deem to be useful.

Vienna, Rome, Berlin, Nisch, Constantinople, and Bucharest informed.

SAZONOFF.

(The Foreign Minister to the ambassador in France.)

(Tel. No. 1551.)

PETERSBURG, 16/29 July.

The German ambassador has communicated to me to-day the decision of his Government to mobilize if Russia does not stop her military preparations. We began these only because of the mobilization already begun by Austria of eight army corps, and because she was evidently not ready to accept any method for a friendly solution of her conflict with Serbia.

As we can not accede to Germany's wish, nothing remains for us but to hasten our own warlike preparations and to reckon with the probable inevitability of war. Inform the French Government of this, and at the same time thank it for its declaration made in its name by the French ambassador that we can fully rely upon the support of our ally France. Under present circumstances this declaration is especially valuable for us. *It is very desirable that England also without loss of time should associate herself with France and Russia, as it is only thus that she can succeed in preventing a dangerous alteration in the European balance.* [The extraordinary range of the whole of this communication of Sazonoff's is illuminated by Izvolski's answer. See the suppressed telegrams from Paris Nos. 208, 209, and 210 of July 30.]

London telegraphed to in like terms.

SAZONOFF.

(The Foreign Minister to the ambassador in France.)

(Tel. No. 304.)

PETERSBURG, 16/29 July.

I urgently request you to communicate to the French Foreign Minister the following telegram from the French ambassador in Petersburg: The German ambassador has just informed Sazonoff that if Russia does not stop her military preparations the German army will be ordered to mobilize. Sazonoff replied that the Russian preparations were occasioned by (1) Austria's unyielding attitude; (2) the fact that eight Austrian army corps had already been mobilized; (3) the tone in which Count Pourtalès made his communication has caused the Russian Government to order to-night the mobilization of the 13 army corps destined to act against Austria. [Compare note to the suppressed telegram No. 1539, of July 28. In that telegram Sazonoff states the reason for the Russian mobilization to be not the tone of the German ambassador's communication but Austria's declaration of war against Serbia.]

SAZONOFF.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 202.)

PARIS, 16/29 July.

Bienvenu-Martin, the Acting Foreign Minister, told me that this morning the German ambassador made a communication to him, employing practically the following expressions: "Germany is continuing her endeavors in Vienna to cause Austria to agree to a friendly exchange of opinions which should indicate the object and the extent of the steps undertaken by her and concerning which Germany has not so far been exactly informed. The declaration of war will not stand in the way of this exchange of opinions. Germany hopes to receive during the course of these negotiations explanations which will satisfy Russia." Finally, Baron Schön again protested against the assertion that Germany was encouraging Austria to be unyielding.

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 203.)

PARIS, 16/29 July.

Apropos of the arrival of the President of the Republic the foreign minister has prepared a short exposé of the situation in approximately the following words: Austria, which fears internal disintegration, utilized the murder of the archduke as a pretext for demanding guarantees which might eventuate in the occupation of Serbia's military communications, and therefore of Serbian territory. Germany is supporting Austria, and declares that as we have received the assurance that Austria seeks no territorial gains [a tendentious omission intended to cut away the grounds of the German argument and to justify

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the employment further on of the expression "sophism." It is the same tendency as has been called attention to in the note to telegram No. 195 from Paris of July 27] the maintenance of peace entirely depends on Russia because it turns upon the necessity for localizing the Austro-Serbian affair; that is, the punishment of Serbia for her former policy and the giving of guarantees for the future.

Germany deduces from this that pressure in a moderating sense must be exercised in Petersburg. This sophistry is rejected both in Paris and in London. In Paris Baron Schön sought in vain to move France to bring influence to bear on Russia in unity with Germany in the interests of peace. The same endeavor was made in London. In both capitals the reply was that pressure must be exerted in Vienna for the excessive demands of Austria, her refusal to discuss the limited reservations made by Serbia, and her declaration of war threatened to bring about a general war. France and England positively (this word was probably suppressed in the Orange Book because public opinion would scarcely have shared this view, the more so as Germany had been constantly called upon to exert a moderating influence in Vienna. Compare note to telegram No. 1521 of July 27 and note to the suppressed telegram No. 201 of July 28) could not exercise any moderating influence in Russia, which had hitherto manifested the greatest moderation, in that she had above all things advised Serbia to accept all the conditions in the Austrian note that it was possible to accept. To-day Germany alone seems to object to the idea of influencing Russia, and inclines toward exercising mediatory action in Petersburg and Vienna, but at the same time both Germany and Austria seek to prolong the present situation. Austria openly pursues dilatory negotiations in Petersburg. Simultaneously she adopts active measures, and if these are tolerated her claims will correspondingly increase. It is very desirable that Russia should give her full support to Sir E. Grey's mediatory project. Otherwise, under the pretext of obtaining "guaranties," Austria can bring about an actual change in the territorial status quo in eastern Europe.

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 204.)

PARIS, 16/29 July.

The firm attitude taken up by the French press continues. It passes severe judgment upon the Austrian attack and upon Germany's manifest share of blame for it, and unhesitatingly declares that this touches us, and that we can not remain unsympathetic. As regards solidarity with us, this question is not once discussed but is taken as a matter of course. Every journalist expresses himself in this sense, including such prominent personages belonging to the most diverse parties as Pichon, Clémenceau, and even Jaurès, and also Hervé, the father of antimilitarism. [When it is remembered that Jaurès was shortly afterwards murdered, the little word "even" used in this suppressed telegram gains an almost ominous sound.]

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 206.)

PARIS, 16/29 July.

When the President returned to Paris he was received at the railway station and in the streets with sympathetic demonstrations from the assembled crowd. Margerie (political director in the French foreign office) told me that the President from his conversations during his journey with prefects and politicians, had become convinced of the firm, energetic, and at the same time calm state of public opinion, which plainly formed a correct estimate of the true significance of events. [The true significance of events therefore lay for the French nation much deeper than the apparent cause, viz, the Austro-Serbian conflict.] The same attitude reigned among a large section of the radical socialists. The Government attaches no importance to the antimilitary demonstrations of the revolutionary party and intends to take energetic measures against it. Our military attaché reports in detail regarding the preparatory military measures. Feeling runs high in military circles and in the chief command. I report regarding the press in a special telegram.

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 207.)

PARIS, 16/29 July.

Viviani has just confirmed to me the firm determination of the French Government to act in agreement with us. This decision is supported by the widest circles and by all parties, including the radical socialists, who have handed him a resolution giving expression to the absolute confidence and the patriotic feeling of their group. Viviani telegraphed urgently to London, immediately after his return to Paris, to the effect that in consequence of the breaking off of direct negotiations between Petersburg and Vienna it is indispensable that the London cabinet should repeat as quickly as possible its proposal for mediation by the powers in some form or another. Viviani received the German ambassador in my presence to-day, who repeated his assurances as to Ger-

many's peaceful intentions. In reply to Viviani's remark that if Germany desires peace she should hasten to associate herself with England's proposals for mediation, Baron Schön said that Austria shrank from the use of the word "conference" or "arbitration." Viviani remarked that it was not a question of words and that it would not be difficult to devise some other form of mediation. Baron Schön is of opinion that in order to assure success for the negotiations between the powers it is necessary to ascertain what Austria intends to demand from Serbia. Viviani replied that it would be very easy for the Berlin cabinet to interrogate Austria on that point, but that meanwhile the Serbian note in reply would be the subject of examination. *Finally Baron Schön complained of France's military preparations and said that in this case Germany would be compelled to adopt similar precautions.* (The suppression of this sentence marks the propaganda that had already commenced with the object of placing on Germany the responsibility for the outbreak of war. Telegrams Nos. 210, 214, 215, 218, 219, 220, 222, 223, 225, 226 from Paris and Nos. 1554, 1637, and 304 (Paléologue's) from Petersburg have the same effect.) *Viviani on his part declared that France honestly desired peace but at the same time was firmly determined to act in full agreement with her allies (in the Orange Book the words and friends are added here. This was done later for the sake of England; nevertheless the original form of the Russian telegrams from Paris indicates that as a matter of fact French policy rested from the outset on the English alliance) and Baron Schön could convince himself that this decision was finding the liveliest support in the country. This evening Viviani has forbidden a projected antiwar meeting of the revolutionary party.*

IZVOLSKI.

(The Foreign Minister to the ambassador in France.)

(Tel. No. 1554.)

PETERSBURG, 17/30 July.

With reference to my telegram No. 1521, I am telegraphing to Berlin as follows:

(1) The German ambassador, who has just visited me, asked if we could be satisfied with Austria's promise not to violate the integrity of Serbia. I replied that this assurance did not suffice. At the urgent request of the ambassador that I should state the conditions on which we were still ready to suspend our military preparations, I dictated to him for urgent dispatch to Berlin the communication reproduced below in (2). I request you to telegraph at once what attitude the German Government adopts toward this new proof of our readiness to do what is possible toward a friendly solution of the question, as we can not allow negotiations of this nature merely to afford Austria and Germany a gain of time. (The Orange Book adds the words here: "in which to make their military preparations." Compare with this the note to telegram No. 207 of July 29.)

(2) "If Austria admits that the Austro-Serbian question has assumed the character of a European question and declares her readiness to eliminate from her ultimatum those points which violate the sovereign rights of Serbia, Russia undertakes to suspend her military preparations." [This formula of Sazonoff's signifies nothing less than a demand that Austria should take back her ultimatum to Serbia, a condition which was naturally unacceptable for Vienna.]

London and Vienna informed.

SAZONOFF.

(The Foreign Minister to the French ambassador.)

(Tel. No. 1555.)

PETERSBURG, 17/30 July.

Very urgent. I refer to my telegram No. 1554.

Until we receive a thoroughly satisfactory reply from Austria through the German Government, we shall continue our military preparations. This is communicated to you very confidentially. [Comment is superfluous. In connection with the following telegram that was suppressed in the Orange Book this declaration is important as regards fixing the commencement of the Russian general mobilization.]

SAZONOFF.

(The ambassador in Paris to the Foreign Minister.)

(Tel. No. 208.)

PARIS, 17/30 July.

Your telegram No. 1551 received.

I received it during the night, and immediately, i. e., at 3 a. m., communicated it to the foreign minister. At my instance our military attaché likewise communicated it to the minister for war. Poincaré, Viviani, and the War Minister Messimy immediately held a discussion at the Élysée, as a result of which a telegram was sent to the French ambassador in Petersburg in approximately the following sense. The telegram begins with an allusion to the text of the instructions furnished to him from the battleship "France," and then states: "The French Government is ready to fulfill all its obligations as an ally. It is of opinion, however, that at the present moment, when negotiations are still in progress between the less interested powers, it would

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be to the purpose that Russia, so far as the measures of a defensive and precautionary nature which it has deemed necessary to adopt will permit, should not take any direct steps which would serve Germany as a pretext for ordering the general or partial mobilization of her forces." [The whole significance of this suppressed telegram is revealed in combination with telegram No. 1551 from Petersburg of July 29, and with the two following and likewise suppressed telegrams, Nos. 209 and 210, from Paris on July 30.]

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 209.)

PARIS, 17/30 July.

Continuation of my telegram No. 208.

The contents of the telegram to the French ambassador in Petersburg were immediately transmitted to London, whereby Paul Cambon was instructed to confer with Grey as to the string of the combined attitude of France and England concerning which these two powers, in consequence of the general understanding existing between them, have to deliberate whenever a period of political tension arises. [Cambon's query is made on the grounds of the notes exchanged between Cambon and Grey on the 22d and 23d November, 1912, which constituted the foundation of the politico-military agreement between England and France.]

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 210.)

PARIS, 17/30 July.

Continuation of my telegram No. 209.

Margerie, with whom I have just spoken, said that the French Government does not wish to interfere in our military preparations, but regards it as highly desirable that these, having regard to the negotiations for the maintenance of peace that are still continuing, should be as little public and challenging in character as possible. The war minister has developed the same idea to our military attaché, and said that we could declare that in the higher interests of peace we are ready temporarily to delay our preparations for mobilization, since this would not prevent us from continuing our preparations, and indeed from intensifying them, but we should have to refrain from the possible greater movements of troops. A ministerial council is to take place at 6.30 under the presidency of Poincaré, immediately after which I will see Viviani. [This suppressed telegram is irrefutable proof that both in Petersburg and in France the further negotiations for the maintenance of peace, including Grey's proposals and Germany's endeavors in Vienna, only served as a screen for the military preparations which were being secretly made in Russia and in France.]

IZVOLSKI.

(The ambassador in France to the Foreign Minister.)

(Tel. No. 212.)

PARIS, 17/30 July.

The Ministerial Council, presided over by Poincaré, has approved of the telegram sent to the French Ambassador in Petersburg the previous night and mentioned in my telegram No. 208.

IZVOLSKI.

(The Foreign Minister to ambassador in France.)

(Tel. No. 1583.)

PETERSBURG, 18/31 July.

No. 1. With respect to my telegram No. 1554.

The English Ambassador communicated to me in the name of his Government the wish of the London Cabinet to make some change in the draft which I proposed to the German Ambassador yesterday. I replied that I accepted the English proposal, and send you the altered draft in No. 2.

SAZONOFF.

(Foreign Minister to ambassador in France.)

(Tel. No. 1582.)

PETERSBURG, 18/31 July.

No. 2. If Austria agrees to stop the advance of her army on Serbian territory and admits that the Austro-Serbian conflict has become a question of general interest for Europe, and therefore concedes that the Great Powers may examine into what satisfaction Serbia can afford the Austro-Hungarian Government without detriment to her rights as a sovereign state and to her independence, Russia undertakes to maintain her waiting attitude. [That Sazonoff did not take his own proposal seriously is clearly evidenced by the following: The telegram containing Sazonoff's draft was dispatched from Petersburg at 10.10 on the evening of July 31. But by the last sentence of the Paris telegram No. 215 of July 31, which is entirely suppressed in the Orange Book, it is plain that the French Ambassador Paléologue telegraphed already on the morning of July 31 to his Government: "Full mobilization of the Russian Army authorized." It can surely no longer be disputed that the Russian Government had thereby irrevocably decided upon war. The

Sazonoff draft also confirms the view expressed in the note to telegram No. 210 that all further negotiations by Russia and France merely served as a cover for their feverishly conducted secret military preparations.]

Berlin, Vienna, London, Rome informed.

SAZONOFF.

(Foreign Minister to ambassador in France.)

(Tel. No. 1592.)

PETERSBURG, 18/31 July.

The Austrian ambassador visited me and informed me that his Government is prepared to enter into an exchange of views regarding the contents of the ultimatum handed to Serbia. I expressed my satisfaction, and remarked to the ambassador that it would be preferable to conduct the negotiations in London, all the Great Powers participating. We hope that the English Government will take over the direction of these discussions, whereby it will earn the thanks of all Europe. In order that these negotiations shall proceed favorably, it is very important that Austria should suspend her military operations on Serbian territory.

Similar telegrams to London, Berlin, Vienna, and Rome. (Compare notes to telegrams Nos. 209 and 210. Regarding the willingness of Austria to engage in direct negotiations with Russia, compare note to telegram No. 1548 of July 29. With regard to Sazonoff's demand that Austria should suspend military operations on Serbian soil, compare telegram No. 210 of July 30.)

SAZONOFF.

(Ambassador in France to Foreign Minister.)

(Tel. No. 214.)

PARIS, 18/31 July.

The French ambassador in Berlin telegraphs that Jagow requested him to come to him, and said that, to her great regret, Germany, having regard to "the general mobilization of the Russian Army," was obliged to adopt for her own security the military measures known as "Danger of War," and which of themselves entail other measures, such as, for example, the closing of the frontier and the ordering of a state of siege, etc. Germany begs Russia to demobilize, otherwise she, too, will mobilize. The ministerial council immediately held, with Potemkin presiding, decided to adopt, with respect to the five army corps adjacent to the frontier, the most complete preparatory measures, without, however, giving to them the character of mobilization. (With regard to these five frontier corps, it must be noted that on the very next day, i. e., on August 1 (see Paris telegram No. 127, also suppressed) the Russian military attaché in Paris was able to report to his Government that they were "fully prepared for war.") In communicating this to me, Margerie added that France would reply to the mobilization of the German Army by immediately mobilizing all her forces. It is noteworthy that in the Havas message received here from Berlin there is also mention of the "general mobilization of the Russian Army," which borders upon the idea that Germany seeks prematurely on one ground or another to bring about analogous measures on the part of France. [In this concluding sentence Germany is evidently accused of having attempted by means of false news regarding the Russian mobilization to bring about French measures of mobilization on July 31 in order to put upon France the responsibility for the outbreak of the war. In presence of this suspicion one thinks involuntarily of the proverb, "Qui s'excuse s'accuse," for on the one hand the French mobilization was already far advanced, while on the other the German news was in accordance with the facts. See concluding sentence of Paris telegram No. 215 of July 31.]

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 215.)

PARIS, 18/31 July.

At 6.30 p. m. the German ambassador came to Viviani and declared in the name of his Government that, having regard to the "general mobilization of the Russian Army and Navy," Germany is obliged to adopt measures in accordance with the expression "Danger of war." At the same time Germany has demanded that Russia shall demobilize. Russia is given a 12 hours' delay, after which, in the event of her refusal, Germany will also mobilize. Baron Schön added that he was instructed to ask what attitude France would adopt in the event of an armed collision between Russia and Germany. Viviani listened to the ambassador's communication, but declined to give him any answer. Thereupon Baron Schön said that he would come to him at 1 o'clock to-morrow for his answer, and begged him in anticipation to make the necessary arrangements for his departure. At present a special ministerial council is sitting under the presidency of the President of the Republic. Margerie, who has just communicated these details to me, stated that probably Viviani will not reply to the ambassador to-morrow, as he sees a trick in Germany's procedure, which is intended to place on France the responsibility for the declaration of war. Margerie added that a

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telegram had just been received from the French ambassador in Petersburg, dated this morning, confirming the general mobilization of the Russian Army, to which he added no explanation.

IZVOLSKI.

(Ambassador in France to the Foreign Minister.)

(Tel. No. 216.)

PARIS, 18/31 July.

From military attaché to war minister. 1 a. m.

The French war minister informed me in earnest, hearty tones that the Government is firmly decided upon war, and requested me to confirm the hope of the French general staff that all our efforts will be directed against Germany, and that Austria will be treated as a quantité négligeable. [With regard to the great importance of the French ambassador's report as to the general Russian mobilization see notes to telegrams No. 1582 and 214. The propaganda referred to in note to telegram No. 207 is now in full swing, with the object of putting the blame on Germany. But in order to fully understand the mendacity of Viviani's attitude with regard to the German ambassador, to whom he gave no answer on July 31 to his direct question, and would give no answer on the following day, the suppressed telegram No. 216 from Paris of July 31 must be taken into account.]

IZVOLSKI.

(Foreign Minister to ambassador in France.)

(Tel. No. 1601.)

PETERSBURG, 19 July/1 Aug.

At midnight the German ambassador informed me on behalf of his Government that if within 12 hours—that is, before midday on Saturday—we do not begin to demobilize, not only as against Germany but also as against Austria, the German Government will be compelled to order mobilization. To my query as to whether this was equivalent to a declaration of war, the ambassador replied that it was not, but added that we were very near to war.

Berlin, London, Vienna, Rome informed.

SAZONOFF.

(Foreign Minister to ambassador in France.)

(Tel. No. —.)

PETERSBURG, 19 July/1 Aug.

Germany has declared war against us.

SAZONOFF.

(Ambassador in France to Foreign Minister.)

(Tel. No. 217.)

PARIS, 19 July/1 Aug.

The military attaché requests me to inform you as follows: Grouping of German forces on 19th July (1st August). The six frontier corps, 14, 15, 16, 21, 8 and 2d Bavarian, reinforced by parts of 7, 11 and perhaps 18 on the German-Luxembourg-Belfort front. Increased movements of troops in progress. Distribution of horses completed. An attack from Metz or from the Saarburg-Bruges district may soon be expected. In France the five frontier corps are in complete readiness for war. (Compare note to telegram No. 214.)

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 218.)

PARIS, 19 July/1 Aug.

The Austrian ambassador was twice with Viviani yesterday evening, and informed him that Austria not only has no intention of violating the territorial integrity of Serbia, but is also ready to negotiate with the other powers regarding her conflict with Serbia in all its bearings. To-day the German ambassador visited Viviani before the time appointed yesterday, and the latter expressed his astonishment at his action yesterday, which was not justified by the relations existing between France and Germany. [Viviani's "astonishment" must have been wholly feigned. Compare the suppressed telegrams, Nos. 210, 215, 216, of July 30 and 31.] To the ambassador's declaration that, in consequence of the evident mobilization, not only as against Austria, but also as against Germany, of the Russian land and sea forces, Germany was compelled to adopt energetic measures, Viviani replied that according to information here Russia had not mobilized her sea forces. At this the ambassador was visibly surprised. As the result of a long conversation, Baron Schön did not repeat his demand for a reply as to France's intentions and his threat of departure, but asked Viviani to see him again at 6 this evening. Although the German ambassador's attitude was modified to-day, the French Government is much disturbed by Germany's special military measures along the French frontier, being persuaded that under cover of the so-called state of danger of war an actual mobilization is in progress, which may place the French Army in a disadvantageous position. On the other hand, for political reasons in respect of Italy, but more especially of England, it is very important for France that her mobilization should not precede the German, but should form an answer to the latter. This question is at

present being discussed by the ministerial council at the *Élysée*, and it is very probable that general mobilization will be decided upon.

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 219.)

PARIS, 19 July/1 Aug.

After receiving the telegram of the French ambassador in Petersburg, in which he announced the communication made to him by the German ambassador regarding Germany's decision, the President of the Republic signed the decree ordering mobilization. The summons to the reserves is being beaten in the streets. The German ambassador has just visited Viviani for the second time, but imparted to him nothing new, but declared his inability to decipher the telegrams that had been received. Viviani informed him of the signing of the mobilization decree, and expressed his astonishment that Germany should have adopted such a measure at a moment when a friendly exchange of views was in progress between Russia, Austria, and the other powers. [How completely the true sense is altered by this statement of Viviani's is made plain by, among other sources, the Paris telegrams, Nos. 210, 216, and 222.] He added that mobilization does not as yet mean war, and that just as the Russian ambassador was remaining in Vienna and the Austrian ambassador in Petersburg there was absolutely no ground for Baron Schön's departure, and indeed the baron had not repeated his threat to go. [Instead of all this, the Orange Book states merely: "The German ambassador in Paris can remain." Having regard to telegrams Nos. 216 and 218, it can scarcely be maintained that "absolutely no grounds exist for Baron Schön's departure." Viviani's whole attitude is undoubtedly founded upon the propaganda already referred to.]

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 220.)

PARIS, 19 July/1 August.

Margerie told me that according to information from a very secret source Italy apparently intends, in reliance upon the manner in which the conflict has arisen, to remain neutral at first and then to come to one decision or another in accordance with the course of events.

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 221.)

PARIS, 19 July/1 August.

From the military attaché: General mobilization was announced at 3.40 p. m. The War Minister has expressed the wish: (1) To move Serbia to take the offensive more promptly. (2) To receive news daily regarding the German army corps opposed to us. (3) To be informed as to the date of the commencement of our offensive against Germany and to be kept au fait of events. For the French the most desirable direction of our blow continues to be Posen-Warsaw. According to information from Denmark the First, Seventeenth, and Twentieth Army Corps, Sixth Reserve Guards Corps, and the Second Corps are detailed to act against us.

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 222.)

PARIS, 19 July/1 August.

I received your telegram regarding Germany's declaration of war against us at 11 o'clock. I immediately communicated it in person to the President of the Republic, who immediately summoned a ministerial council. Poincaré declared to me in the most categorical manner that both he himself and the whole cabinet are firmly determined fully to carry out the obligations laid upon us by the terms of our alliance. There arose, however, in connection therewith a series of complicated questions of a political and strategic nature. In the first place, according to the French constitution, a parliamentary decision is necessary regarding a declaration of war, and at least two days are required for the assembling of Parliament. Although Poincaré has no doubt as to its decision he would prefer to avoid a public debate regarding the application of the treaty of alliance. On these grounds, and for reasons which chiefly concern England (see telegram No. 20), it would be better if the declaration of war were made, not by France, but by Germany. It must further be borne in mind that to-day is only the first day of the French mobilization, and that therefore it would be more advantageous for both the Allies if France were only to begin military operations after mobilization was more advanced. For the rest Poincaré is persuaded that Germany will not wait for a declaration of war by France, but will attack her without delay without permitting her to complete her mobilization. Immediately after the discussion of all these questions by the ministerial council Poincaré will summon me and inform me as to the results.

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 223.)

PARIS, 19 July/1 August.

Poincaré told me that during the last few days the Austrian ambassador had energetically assured him and Viviani that Austria had de-

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clared to us her readiness not only to respect the territorial integrity of Serbia but also her sovereign rights, but that we had intentionally concealed those assurances. To my remark that this was a complete lie [the Orange Book reads: "I oppose it (the lie!) with a categorical denial." With regard to the Austrian statements, compare the written statements of Baron Schön in Paris under (1) in telegram No. 195 from Paris; the verbal declarations of Count Pourtalès in Petersburg, and also Sazonoff's answer contained in the first two sentences of the Petersburg telegram No. 1554], Poincaré replied that similar statements had been made in London by Austria, where they might create a very dangerous impression, and therefore ought to be denied there as well. [In the Orange Book the suppressed end portion of the telegram is given as follows: "I denied this categorically." It is for the reader to decide whether this dementi only refers to the Austrian assurances regarding Serbia's sovereign rights or also to her territorial integrity as well. That the latter was in effect actually guaranteed by Austria is indisputably shown by the note to telegram No. 223 above, while Serbia's sovereign rights, which were touched by the punitive measures necessitated by the Serajevo murder, would have formed the subject at that time of the direct negotiations between Austria and Russia, to engage in which the former had declared her readiness. Compare note to telegram No. 1548. Izvolski's assertion is therefore unsustainable, and this accounts for the falsification in the Orange Book.]

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 224.)

PARIS, 19 July/1 August.

A telegram has been received from the French minister at Bucharest which displays great anxiety regarding the intentions of Rumania, who is said to be inclined neither to absolute neutrality nor to participation in common negotiations with Austria. The President of the Republic said to me that influence must be brought to bear on Rumania without loss of time by promising her Transylvania. In Poincaré's opinion, attempts must also be made to draw Italy over to our side by promising her Valona and freedom of action in Albania.

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 225.)

PARIS, 19 July/1 August—3 a. m.

I have just come from the President of the Republic, who said that the council of ministers again confirmed the decision unreservedly to fulfill France's obligations as an ally. The council recognized that in the interests of both the Allies it would be better for France to complete her mobilization, for which purpose 10 days would be required, before hostilities are commenced. At the end of that period Parliament will be summoned to meet. Poincaré continues to fear that Germany will attack France at once in order to render completion of the mobilization difficult. The above statements must be preserved absolutely secret.

IZVOLSKI.

(Foreign Minister to ambassador in France.)

(Tel. No. 1627.)

PETERSBURG, 20 July/2 Aug.

Germany is openly endeavoring to turn the responsibility for the rupture on to us. Our general [with regard to the suppression of the allusion to the "general" character of the Russian mobilization, compare note to Paris telegram No. 197 of July 27] mobilization was necessitated by the immense responsibility which we should have incurred if we had not taken all the precautionary measures in good time, and Austria had limited herself to protracted negotiations while at the same time bombarding Belgrade. [In the Orange Book there is the following addition to the sentence: "and carried out her complete mobilization." This subsequent insertion in the Orange Book reveals the evident falsification in the telegram from Vienna regarding the alleged general Austrian mobilization on July 28. Compare telegram No. 1554. For the rest the hypothetical action attributed to Austria exactly corresponds with the attitude of Russia and Austria themselves. Compare telegram No. 210 of July 30.] The Tzar had given his word to the German Kaiser not to take any provocative action so long as the negotiations with Austria continued. After this guaranty and all the proofs of Russia's desire for peace, Germany had no right to doubt our assurance that we would joyfully accept any way out that was compatible with Serbia's dignity and independence. Any other issue would have been quite incompatible with our own dignity and would naturally have shattered European equilibrium, as it would have brought about the hegemony of Germany. This European character of the conflict, which was of world-wide significance, was infinitely more important than its occasion. [In the Orange Book there is the following addition: "As Germany decided to declare war on us at a time when negotiations between the powers were still in suspense, she took upon herself a heavy responsibility." In this addition is made quite clear the tendentious misrepresentation of the true contents, to which attention has already been called in the note to telegram No. 207 for the purpose of transferring the blame for the war to Germany. Com-

pare the bearing of France and Russia toward the negotiations between the powers now represented as so promising and telegram No. 210 of July 30.]

SAZONOFF.

(Ambassador in France to Foreign Minister.)
(Tel. No. 225.)

[This telegram, evidently inadvertently, has been given the same number as the last sent on the previous day.]

PARIS, 20 July/2 Aug.

To-day, Sunday, is to be regarded as the first day of mobilization.

IZVOLSKI.

(Ambassador in France to Foreign Minister.)

(Tel. No. 225.)

PARIS, 20 July/2 Aug.

Small German detachments have crossed the French frontier and some minor collisions have already occurred on French territory. This enables the French Government to declare to Parliament, which is summoned to meet on Tuesday, that France has been attacked, and so to avoid a formal declaration of war. News has been received to-day that German troops have entered Luxembourg territory, thereby violating the neutrality of the Duchy, which is guaranteed by England and Italy, among others, signed by the treaty in 1867. This circumstance is considered very advantageous for France, as it will infallibly call forth a protest from England and cause her to manifest greater energy. There is also news that German troops are said to be advancing toward Arlon, which indicates an intention of violating Belgian neutrality also. This will touch England even more nearly. Viviani telegraphed to London immediately directing the French ambassador to call Grey's attention to this.

IZVOLSKI.

To make effective the duty of France to mobilize and immediately attack Germany simultaneously with Russia under the terms of the treaty of 1892 it was only necessary to make Austria mobilize, above quoted, and this was accomplished through the Slavs of Serbia.

That the German authorities were not entirely unsuspecting of the will to war by the French and Russian leaders is shown by the sealed instruction sent under seal of July 26 to the German ambassador at Brussels not to be opened until authorized by telegram. The authority was given August 2, after the French and Russian troops had crossed the German line. This communication from the German Government was handed to M. Devignon, Belgian Minister for Foreign Affairs, at 7 o'clock p. m. August 2, 1914.

EXHIBIT X.

APPENDIX G (BAUSMAN).

Russian increases: Reorganization was begun in 1910, with as much secrecy as possible (Eggeling, 9). The losses of the Japanese war were replaced in 1911. In 1914 the military expenditures were 2,600,000,000 marks (Kuhl, 60). The universal service law required four years with the colors. The German staff reckoned in 1913 on a Russian total of 88 reserve divisions; the force would be—

	Reservists.
For active formations	748,000
For reserve formations	876,000
For replacement	205,000
For communication formations	40,000
	1,869,000
In both categories of reserve or a surplus of	2,292,000
	423,000

(Von Kuhl, 61-62.)

This was in 1913. For the following year increases were planned and in part carried out. Excluding Siberian and Turkestan troops, the strength of the Russian army was 30 army corps, comprising 35½ cavalry, or Cossack, divisions, 35 reserve divisions, and 40 national defense divisions.

The peace strength in the summer of 1914 was 1,581,000 officers and men; the war strength 3,461,750 (Kuhl, 104, 105).

The ultimate aim became that of creating an army which could take the offensive against Germany. All Russian Army questions after 1910 were viewed by the press in Russia from this angle. (Eggeling, 9.)

The Military Railways: These were created to permit the immediate transport of troops from Moscow, St. Petersburg, and Kazan to the German and Austrian frontiers. In peace times the forces were divided along the new lines to be rushed to the front. (Kuhl, 76.) France made a loan for these lines—one thousand million francs. The Siberian Railway was also double-tracked to bring up the forces from there. In 1912 two great private roads (from Sosnowice to Warsaw and from Alexandrovo to Warsaw) were purchased by the Government. The Polish railway officials were supplanted by Russians in 1912 (ib.).

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RUSSIAN MILITARY MENACES IN 1914 BEFORE THE SERBIAN TROUBLE.

In 1911 the French chief of staff, Dubail, attended the Russian maneuvers, and the next year the Russian chief, Shilinski, attended the French. France demanded Russian military increases in exchange for her seventeen thousand million francs. (Kuhl, 72.) This was charged by the Russian journal Rjetch, on July 19, 1914. (Ib., 70.) The Grand Duke Nicholas desiring war in 1912, Sukhomlinoff answered that they were not yet ready, whereupon the former renewed his pressure on preparations. (Eggeling, 49-50.) Nicholas planned a military demonstration for 1913, but was stopped by remonstrances that two years would yet be necessary. (Eggeling, 16.)

In 1913 the German general staff believed that the Russian field forces of the first line could be ready on the fifth day of mobilization, and of the second line on the eighth. (Kuhl, 82.) The spring of 1914 witnessed the enormous preparations, the Duma sanctioning increases equal to the entire peace strength of the Austrian and Hungarian armies. (Eggeling, 18.) Continual test mobilizations were occurring, supplies were imported, coal reserves increased, and rolling stock added. Grain export was stopped. (Ib., 16-17; Kuhl, 86-87.)

Peace reviews and strengthening of fortresses: These were very common. In the autumn of 1913 General Joffre headed a mission to St. Petersburg to examine her military efficiency, and departing remarked, "The Russian Army is at this moment the mightiest in the world" (Eggeling, 12-22). The troops around Vilna and Warsaw were presumed to concentrate against Germany, the Kiev forces against Austria. Sukhomlinoff announced himself ready in 1914 (ib., 22).

Final movements after Serajevo: Von Eggeling goes into great detail of the eventful last week. He discusses the revelations also of the Sukhomlinoff's trial. As to actual movement to the German frontier, Kuhl says that the plan carried out was that of 1912 (which was captured during the war) of crossing the German borders without declaration of war. "Our measures must in this connection be concealed by apparent diplomatic negotiations." On the very 1st day of August, that of Germany's declaration of war, "the border was crossed in four places by enemy patrols." (Kuhl, 79-80.)

APPENDIX I (BAUSMAN).

Since the first edition of this work there has been issued a startling exposure entitled "The Falsifications of the Russian Orange Book" (London, Allen and Unwin, 1923.) The work appeared shortly before in German, with notes by Freiherr von Romberg. The London edition contains a foreword by the learned Professor Gooch.

The "books," of various colors, issued immediately after the outbreak of hostilities by the different governments, were at first supposed to be complete. Later it was discovered that they were made up of selected matter, and that all the truth was not revealed. That any of the dispatches, though, would be deliberately tampered with before publication was never suspected, so during eight or nine years the public had believed that what the various governments did publish was genuine. The book just referred to has dispelled that illusion in so far as concerns Russia. In the Russian Orange Book not only were whole telegrams omitted but passages were left out and passages altered. As Professor Gooch says:

"Readers will form their own impression as to the changes, but there will be general agreement that the original Orange Book was a dishonest piece of work."

An omitted dispatch is No. 1521, from Sazonoff, the Russian Foreign Minister at Petrograd, to Izvolsky, his ambassador at Paris. Its date is July 27, four days before the admission of the Russian mobilization and five days before the German declaration of war upon Russia because she would not stop that mobilization. Sazonoff actually says:

"If there is a question of exercising a moderating influence on St. Petersburg we reject it in advance."

On July 30, in telegram No. 207, Izvolsky advises Sazonoff that Schon, German ambassador at Paris, "complains of the French military preparations," and that Schon said that in that event Germany "would be compelled to adopt similar precautions." He relates that Viviani replied that France wanted peace, but was "determined to act with her allies." Viviani had that evening forbidden, he says, a projected antiwar demonstration in Paris. These passages were suppressed.

We come now to the 31st. At 1 o'clock in the morning, Izvolsky, in his No. 216, advises Sazonoff as follows (entirely omitted from the Russian Orange Book):

"The French war minister informed me in earnest tones that the Government is firmly resolved on war and requests us to confirm the hopes of the French general staff that all our efforts will be directed against Germany and that Austria will be treated as a negligible quantity."

The reader will note that this was sent before the Russians had formally announced their mobilization and before Germany had declared war. It became plain that France was willing to jump into the fray even without waiting for German action, that she was simply studying the moral effect of a first action upon her part and not hesitating as to war. Here is what Izvolsky says in his No. 213 to Sazonoff on

August 1, the day upon which the German ultimatum to Russia to stop her mobilization expired:

"For political reasons, in respect to Italy and especially England, it is very important for France that her mobilization should not precede the German but should form an answer to it."

In his No. 222 (suppressed) Isvolsky further advises Sazonoff on the same 1st day of August, after hearing that Germany on the expiration of her telegram to Russia had declared war. He states that he has received a telegram announcing Germany's declaration of war against Russia and had seen Poincaré, who had immediately summoned a ministerial council regarding French action. "It would be better," Isvolsky says, "if the declaration of war were made not by France but by Germany." He then states that, to-day being the first French day of mobilization, it "would be more advantageous for both the allies if France were only to begin military operations after her mobilization was more advanced."

The reader will see the confirmation in all this of two things contended in the first edition of the present book: That the hanging back from the frontier by France was part of her general plan of waiting until the Russians were ready to move in conjunction with her; second, that she was firmly resolved on war and was simply studying the appropriate time in which to launch war, and that it had even been considered that France should declare the war on Germany without waiting either to be attacked or to have a war declared upon her.

EXHIBIT XI.

APPENDIX A (BAUSMAN).

Von Moltke's summary of December, 1912.

In December, 1912, Von Moltke made a long "memorandum" of the military situation to the war ministry. It is too long for complete quotation here, but can be found in the book by Ludendorff called *Problems of the General Staff*, Volume I, at page 57. He reviews the certainty that England will be against Germany, with France and Russia, but Italy "has no vital interest in a conflict between Austria and Russia. While Germany and Austria will be fighting for their existence, Italy will hardly be threatened."

He had had an interview a few days since with a representative of the Italian general staff, who says that, "no matter what the pretext," Italy will not contribute her third army, which had been counted upon.

He then adds three appendices, of which I give the two pertinent ones, as follows:

"Under I of the appendix are the forces which Germany can put into the field in the west in a war with the Triple Entente, in battalions, squadrons, and batteries, which can be opposed to the forces at the disposal of France and England. The tables show an inferiority on the side of Germany of 124 battalions; if Belgium be added to the number of our enemies, the figure is 192 battalions. The Italian Army is left out of account, as it will not participate. On the other hand, the French Alpine army, which will be immobilized by the Italians, is also left out of the calculation. If the Italian third army were brought to Germany, the two allies would have a slight superiority. But it is immaterial to us whether Italy assembles 2 or 12 army corps behind her Alpine frontier. It would be an extraordinary operation to force that frontier. Until it is opened, the whole Italian Army will be standing idle, rifle in hand, without being able to fire a shot. Germany must gain the decision alone and unaided. While in 1870 she had a superiority in infantry of 106 battalions over France, as well as an immense preponderance of artillery, and fought this one opponent with her rear secured, she has now to take the field against France with a great inferiority in infantry (though still with a slight superiority in artillery), and will further be attacked in the rear by Russia. The superiority of our artillery rests at the moment on our more marked development of high-angle fire (field howitzers) and our heavy artillery of the field army. Moreover, we are ahead of the French with the provision of field kitchens and tents, as well as our infantry rifle. But it is only a question of money for France to catch up with us in these respects. In time she will be able to get level with us and even overtake us. On the other hand, she can not overtake us as regards the number of men fit for service, who are at our disposal as long as we manage to secure them for the army."

"Part II of the appendix shows that in the east Russia enjoys a very great numerical superiority. A comparison of the forces which Germany, Austria, and Rumania combined can put into the field against Russia reveals a Russian superiority of 1,374 battalions, 319 squadrons, and 82 batteries. At the present moment Russia is still very much behindhand with the reorganization, equipment, and arming of her forces, so that for the time being the Triple Alliance need not be afraid of an armed conflict even with her in spite of her numerical superiority. But when we look forward into the future we must keep present in our minds the fact that in view of the enormous sums Russia is spending on the reorganization of her army, she will be stronger with every year that passes. It is just as impossible for Germany to try and compete with Russia as a land power as it is for her to attempt to catch up with England as a sea power. But it is just as incumbent upon her to leave no stone unturned to employ

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all the resources which are still at her disposal on a large scale in order to maintain that position *vis-à-vis* our neighbors which we enjoyed before they brought their armed forces up to the present level and began to think of increasing them.

"The military situation in our frontier Provinces requires special attention. We have to expect, certainly in the east and possibly in the west also, an attack immediately on the proclamation of mobilization. If such an attack were not beaten off by the destruction of railways, bridges, and tunnels, our mobilization, the arming of the fortresses, and our deployment would be seriously interfered with. It is of the very greatest importance that our troops in these regions should be reinforced and our fortresses be put into an advanced state of defense."

"I believe I have established the necessity of increasing our military forces and improving our home defenses in what I have said above. The political situation will make these measures an inexorable necessity. Of course, the satisfaction by the nation of the demands made here and dealt with in greater detail in Part II of the memorandum will involve great personal and pecuniary sacrifices. But in any case these sacrifices will be far less than those we should have to face in case of a lost war."

"We must also point out that our neighbors have made and are now making similar sacrifices in order to strengthen their military forces."

"France makes much greater personal demands on her population than we do on ours. During the first Morocco crises she spent 300,000,000 marks on the strengthening of her eastern fortresses."

"This year Russia demanded and obtained from her national assembly 1,300,000,000 marks."

"In the last three years England has spent large sums to give effect to the Haldane reforms."

"Switzerland has introduced a new army organization at a heavy cost."

"Belgium is now carrying through a new defense bill, by which her army will be brought up to a mobilization strength of 300,000 men. She has laid out enormous sums to modernize the fortifications of Antwerp."

"Under the pressure of the political crisis Austria has been compelled to demand very large credits for that reorganization of her army which is long overdue."

"Germany, too, must be prepared to make sacrifices. The program for the provision of the most urgent requirements which is drawn up in Part II must be carried through with the greatest energy, so that in the future Germany, trusting to her own strength, can give the political leaders of the nation a support which is solid enough to meet all emergencies."

It demanded a peaceful passage through Belgium, proposing to pay for damages and respect Belgian sovereignty and territory when war ended, and claimed to know that Belgian neutrality had already been violated by France. (Exhibit XII.)

EXHIBIT XII.

BRUSSEL, August 2, 1914.

IMPERIAL GERMAN LEGATION IN BELGIUM.

(Highly confidential.)

The German Government has received reliable information according to which the French forces intend to march on the Meuse, by way of Givet and Namur. This information leaves no doubt as to the intention of France of marching on Germany through Belgian territory. The Imperial Government can not avoid the fear that Belgium, in spite of its best will, will be in no position to repulse such a largely developed French march without aid. In this fact there is sufficient certainty of a threat directed against Germany.

It is an imperative duty for the preservation of Germany to forestall this attack of the enemy.

The German Government would feel keen regret if Belgium should regard as an act of hostility against herself the fact that the measures of the enemies of Germany oblige her on her part to violate Belgian territory.

In order to dissipate any misunderstanding, the German Government declares as follows:

1. Germany does not contemplate any act of hostility against Belgium. If Belgium consents in the war about to commence to take up an attitude of friendly neutrality toward Germany, the German Government on its part undertakes, on the declaration of peace, to guarantee the Kingdom and its possessions in their whole extent.
2. Germany undertakes under the conditions laid down to evacuate Belgian territory as soon as peace is concluded.
3. If Belgium preserves a friendly attitude, Germany is prepared, in agreement with the authorities of the Belgian Government, to buy against cash all that is required by her troops, and to give indemnity for the damages caused in Belgium.
4. If Belgium behaves in a hostile manner toward the German troops, and in particular raises difficulties against their advance by the oppos-

tion of the fortifications of the Meuse or by destroying roads, railways, tunnels, or other engineering works, Germany will be compelled to consider Belgium as an enemy.

In this case Germany will take no engagements toward Belgium, but she will leave the later settlement of relations of the two States toward one another to the decision of arms. The German Government has a justified hope that this contingency will not arise and that the Belgian Government will know how to take suitable measures to hinder its taking place. In this case the friendly relations which unite the two neighboring States will become closer and more lasting.

On August 3 Belgium refused and the German troops thereafter treated Belgium as an enemy ally of France.

EXHIBIT XIV.

THE GERMAN ACCEPTANCE OF ARMISTICE TERMS.

1. Cessation of operations by land and in the air six hours after the signature of the armistice.

2. Immediate evacuation of invaded countries: Belgium, France, Alsace-Lorraine, Luxemburg, so ordered as to be completed within 14 days from the signature of the armistice. German troops which have not left the above-mentioned territories within the period fixed will become prisoners of war. Occupation by the Allied and United States forces jointly will keep pace with evacuation in these areas. All movements of evacuation and occupation will be regulated in accordance with a note annexed to the stated terms.

3. Repatriation, beginning at once and to be completed within 15 days, of all inhabitants of the countries above mentioned, including hostages and persons under trial or convicted.

4. Surrender in good condition by the German armies of the following equipment: Five thousand guns (2,500 heavy, 2,500 field), 25,000 machine guns, 3,000 minenwerfers, 1,700 airplanes. The above to be delivered in situ to the Allies and the United States troops in accordance with the detailed conditions laid down in the annexed note.

5. Evacuation by the German armies of the countries on the left bank of the Rhine. These countries on the left bank of the Rhine shall be administered by the local troops of occupation under the control of the allied and United States armies of occupation. The occupation of these territories will be carried out by allied and United States garrisons holding the principal crossings of the Rhine, Mayence, Coblenz, Cologne, together with bridgeheads at these points in 30-kilometer radius on the right bank and by garrisons similarly holding the strategic points of the regions.

A neutral zone shall be reserved on the right of the Rhine between the stream and a line drawn parallel to it 40 kilometers (26 miles) to the east from the frontier of Holland to the parallel of Gernsheim and as far as practicable a distance of 30 kilometers (20 miles) from the east of stream from this parallel upon Swiss frontier. Evacuation by the enemy of the Rhine lands shall be so ordered as to be completed within a further period of 16 days, in all 31 days after the signature of the armistice. All movements of evacuation and occupation will be regulated according to the note annexed.

6. In all territory evacuated by the enemy there shall be no evacuation of inhabitants; no damage or harm shall be done to the persons or property of the inhabitants. No destruction of any kind to be committed. Military establishments of all kinds shall be delivered, as well as military stores of food, munitions, equipment not removed during the periods fixed for evacuation. Stores of food of all kinds for the civil population, cattle, etc., shall be left in situ. Industrial establishments shall not be impaired in any way and their personnel shall not be moved. Roads and means of communication of every kind, railroad, waterways, main roads, bridges, telegraphs, telephones, shall be in no manner impaired. No person shall be prosecuted for offenses of participation in war measures prior to the signing of the armistice.

7. All civil and military personnel at present employed on them shall remain. Five thousand locomotives, 150,000 wagons, and 5,000 motor lorries in good working order, with all necessary spare parts and fittings, shall be delivered to the associated powers within the period fixed for the evacuation of Belgium and Luxemburg. The railways of Alsace-Lorraine shall be handed over within 36 days, together with all pre-war personnel and material. Further material necessary for the working of railways in the country on the left bank of the Rhine shall be left in situ. All stores of coal and material for the upkeep of permanent ways, signals, and repair shops left entire in situ and kept in an efficient state by Germany during the whole period of armistice. All barges taken from the Allies shall be restored to them. All civil and military personnel at present employed on such means of communication and transporting, including waterways, shall remain.

8. The German command shall be responsible for revealing within 48 hours all mines or delay-acting fuses disposed on territory evacuated by the German troops and shall assist in their discovery and destruction. The German command shall also reveal all destructive measures that may have been taken (such as poisoning or polluting of springs, wells, etc.) under penalty of reprisals.

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9. The right of requisition shall be exercised by the Allies and the United States Armies in all occupied territory, "subject to regulation of accounts with those whom it may concern." The upkeep of the troops of occupation in the Rhineland (excluding Alsace-Lorraine) shall be charged to the German Government.

10. An immediate repatriation without reciprocity, according to detailed conditions which shall be fixed, of all allied and United States prisoners of war. The allied powers and the United States shall be able to dispose of these prisoners as they wish. This condition annuls the previous conventions on the subject of the exchange of prisoners of war, including the one of July, 1918, in course of ratification. However, the repatriation of German prisoners of war interned in Holland and in Switzerland shall continue as before. The repatriation of German prisoners of war shall be regulated at the conclusion of the preliminaries of peace.

11. Sick and wounded who can not be removed from evacuated territory will be cared for by German personnel who will be left on the spot with the medical material required.

12. All German troops at present in any territory which before the war belonged to Rumania, Turkey, or Austria-Hungary shall immediately withdraw within the frontiers of Germany as they existed on August 1, 1914. German troops now in Russian territory shall withdraw within the frontiers of Germany as soon as the Allies, taking into account the internal situation of those territories, shall decide that the time for this has come.

13. Evacuation by German troops to begin at once, and all German instructors, prisoners, and civilian as well as military agents now on the territory of Russia (as defined before 1914), to be recalled.

14. German troops to cease at once all requisitions and seizures and any other undertakings, with a view to obtaining supplies intended for Germany in Rumania and Russia (as defined on August 1, 1914).

15. Renunciation of the treaties of Bucharest and Brest-Litovsk and of the supplementary treaties.

16. The Allies shall have free access to the territories evacuated by the Germans on their eastern frontier either through Danzig or by the Vistula in order to convey supplies to the populations of those territories and for the purpose of maintaining order.

17. Evacuation by all German forces operating in East Africa within a period to be fixed by the Allies.

18. Repatriation without reciprocity within maximum period of one month, in accordance with detailed conditions hereafter to be fixed, of all civilians interned or deported who may be citizens of other allied or associated States than those mentioned in clause 3, paragraph 19.

19. The following financial conditions are required: Reparation for damage done. While such armistice lasts no public securities shall be removed by the enemy which can serve as a pledge to the Allies for the recovery or repatriation of the cash deposit, in the National Bank of Belgium, and in general immediate return of all documents, specie, stock, shares, paper money, together with plant for the issue thereof, touching public or private interests in the invaded countries. Restitution of the Russian and Rumanian gold yielded to Germany or taken by that power. This gold to be delivered in trust to the Allies until the signature of peace.

20. Immediate cessation of all hostilities at sea and definite information to be given as to the location and movements of all German ships. Notification to be given to neutrals that freedom of navigation in all territorial waters is given to the naval and merchant marines of the allied and associated powers, all questions of neutrality being waived.

21. All naval and mercantile marine prisoners of war of the allied and associated powers in Germans hands to be returned without reciprocity.

22. Surrender to the Allies and the United States of America of all German submarines now existing (including all submarine cruisers and mine-laying submarines), with their complete armament and equipment, in ports which will be specified by the Allies and the United States of America. Those which can not take the sea shall be disarmed of the material and personnel and shall remain under the supervision of the Allies and the United States. All the conditions of the article shall be carried into effect within 14 days. Submarines ready for sea shall be prepared to leave German ports immediately upon orders by wireless, and the remainder at the earliest possible moment.

23. The following German surface warships which shall be designated by the Allies and the United States of America shall forthwith be disarmed and thereafter interned in neutral ports, to be designated by the Allies and the United States of America and placed under the surveillance of the Allies and the United States of America, only caretakers being left on board, namely:

Six battle cruisers, 10 battleships, 8 light cruisers, including 2 mine layers, 50 destroyers of the most modern type. All other surface warships (including river craft) are to be concentrated in naval bases to be designated by the Allies and the United States of America, and are to be paid off and completely disarmed and placed under the supervision of the Allies and the United States of America. All vessels of the auxiliary fleet (trawlers, motor vessels, etc.) are to be disarmed.

Vessels designated for internment shall be ready to leave German ports within seven days upon directions by wireless, and the military armament of all vessels of the auxiliary fleet shall be put on shore.

24. The Allies and the United States of America shall have the right to sweep all mine fields and obstructions laid by Germany outside German territorial waters, and the positions of these are to be indicated.

25. Freedom of access to and from the Baltic to be given to the naval and mercantile marine of the allied and associated powers. To secure this, the Allies and the United States of America shall be empowered to occupy all German forts, fortifications, batteries, and defense works of all kinds in all the entrances from the Cattagat into the Baltic, and to sweep up all mines and obstructions within and without German territorial waters without any question of neutrality being raised and the positions of all such mines and obstructions are to be indicated.

26. The existing blockade conditions set up by the allied and associated powers are to remain unchanged and all German merchant ships found at sea are to remain liable to capture. The Allies and the United States shall give consideration to the provisioning of Germany during the armistice to the extent recognized as necessary.

27. All naval aircraft are to be concentrated and immobilized in German bases to be specified by the Allies and the United States.

28. In evacuating the Belgian coasts and ports, Germany shall abandon all merchant ships, tugs, lighters, cranes, and all other harbor materials, all materials for inland navigation, all aircraft, and all materials and stores, all arms and armaments, and all stores and apparatus of all kinds.

29. All Black Sea ports are to be evacuated by Germany, all Russian war vessels of all descriptions seized by Germany in the Black Sea are to be handed over to the Allies and the United States of America; all neutral merchant vessels seized are to be released; all warlike and other materials of all kinds seized in those parts are to be returned, and German materials, as specified in clause 28, are to be abandoned.

30. All merchant vessels in German hands belonging to the allied and associated powers are to be restored in ports to be specified by the Allies and the United States of America without reciprocity.

31. No destruction of ships or materials to be permitted before evacuation, surrender, or restoration.

32. The German Government will notify neutral governments of the world, and particularly the Governments of Norway, Sweden, Denmark, and Holland, that all restrictions placed on the trading of their vessels with the allied and associated countries, whether by the German Government or by private German interests, and whether in return for specific concessions, such as the export of shipbuilding materials or not, are immediately canceled.

33. No transfers of German merchant shipping of any description to any neutral flag are to take place after signature of the armistice.

34. The duration of the armistice is to be 30 days, with option to extend. During this period, on failure of execution of any of the above clauses, the armistice may be denounced by one of the contracting parties on 48 hours' previous notice. It is understood that the execution of articles 3 and 18 shall not warrant the denunciation of the armistice on the ground of insufficient execution within a period fixed, except in the case of bad faith in carrying them into execution. In order to assume the execution of this convention under the best conditions, the principle of a permanent international armistice commission is admitted. This commission shall act under authority of the allied military and naval commanders in chief.

35. This armistice to be accepted or refused by Germany within 72 hours of notification.

(See Exhibit 21: Conditions of armistice.)

EXHIBIT XV.

WHAT GERMANY HAS PAID.

It is impossible to determine precisely what Germany has paid in execution of the treaty of Versailles, because the amount to be credited for various items, such as the Saar mines, the merchant marine, etc., remains unsettled. We therefore present herewith a German statement, which may be regarded as a maximum account, and a Reparation Commission statement, which may be taken as a minimum. The former includes all payments to December 31, 1922; the latter includes only payments to August 31, 1922. The Germans include German property liquidated abroad, which does not come within the purview of the Reparation Commission; their figures on Saar coal and other State property ceded are several times as large as the "provisional figures" given by the Reparation Commission, which are recognized as too low; the Germans reckon the coal delivered at the world market price, the commission at the low German market price; other cost reckonings vary, and the commission takes no account of the items listed by the Germans under V. A thousand gold marks is about \$250.

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The German statement.

I. DELIVERIES FROM MATERIALS ON HAND AND CESSION OF PROPERTY WITHIN THE REICH AND ABROAD.

	Gold marks (in thousands).
1. Property of the Reich and of the States (exclusive of Eupen-Malmedy, Alsace-Lorraine, and the colonies) -----	5,507,616
Add: Property of the Reich and of the States in Eupen-Malmedy -----	150,000
2. Saar mines -----	1,017,570
3. Private and public cables -----	79,410
4. Nonmilitary property left in the territory evacuated by the German troops on the western front -----	1,897,150
5. Railroad and pontoon bridges over the Rhine (part belonging to Baden) -----	9,611
6. Shares of the Morocco State Bank and value of the stocks and bonds delivered in accordance with article 260 of the peace treaty -----	392,643
7. German property liquidated abroad -----	11,740,000 ^a
8. Germany's claims on her former allies ceded in accordance with the peace treaty -----	8,600,000
Total -----	29,394,000

II. PAYMENTS AND DELIVERIES FROM NATIONAL CAPITAL AND CURRENT PRODUCTION.

9. Railroad material delivered in accordance with the armistice terms, including reserve parts, motor trucks, all locomotives, rolling stock, and other railroad equipment in the ceded territories (inclusive of Upper Silesia, exclusive of Memel district, Denmark, and Eupen-Malmedy) -----	2,238,433
10. Ocean-going vessels (inclusive of vessels in American waters and ships on which an embargo had been placed) and fishing boats, ships of inland waterways, harbor equipment, and river boats -----	6,020,391
11. Coal without by-products (world market price) -----	2,333,600
12. Deliveries for reconstruction in accordance with the armistice terms (for instance, coal by-products, animals, pharmaceutical products, machinery, tools, woods, University of Louvain, paintings, etc.) -----	520,576
Total -----	11,113,000

III. CASH PAYMENTS.

13. Payments in foreign exchange -----	1,580,000
14. Sale of destroyed and damaged war material (scrap), estimate -----	200,000
15. Rhineland customs and other revenue from the economic sanctions of 1921 -----	69,337
16. Yield from the English recovery act -----	126,295
17. Miscellaneous (war expenditures of Alsace-Lorraine, Franco-German pension agreement, guaranties to the guaranty committee, etc.) -----	164,368
Total -----	2,140,000

IV. OTHER PAYMENTS AND DELIVERIES.

18. Clearing -----	603,000
19. Internal costs of occupation including mark advances (the external costs of occupation—i. e., the expenses, borne in the first instance by the powers occupying German territory, and met without mark advances—are paid by Germany by deliveries in kind. These costs amounted to 3.4 billion gold marks on Apr. 30, 1922) -----	861,000
20. Cost of the Reparation Commission and the other interallied commissions -----	90,000
21. Restitutions and substitutions (i. e., deliveries of material restituted or substituted) of machines, tools, ships, and animals—estimate -----	400,000
22. Navy delivered to the Allies exclusive of those vessels interned in Scapa Flow, but inclusive of the marine equipment in Tsingtau ceded to Japan—articles 184, 185, and 188 of treaty -----	1,417,000
Total -----	3,371,000

V. EXPENDITURES AND LOSSES WITHIN GERMANY.

23. Military disarmament (exclusive of sales of scrap), estimate—i. e., army, navy, or air material undamaged or destroyed, delivered to the Reparation Commission, sold whole or broken up to the highest bidder, mostly in Germany, the proceeds of which were credited to the Allies. The yield from the sales of scrap were credited to capital account (<i>vide supra</i> 14) -----	6,250,000
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	Gold marks (in thousands).
24. Industrial disarmament—estimate	2,700,000
25. Nonmilitary material left by the German troops in the evacuated territory on the eastern front—estimate	1,050,000
26. Miscellaneous (costs of plebiscites, determining frontiers, care of refugees, etc.)—estimate	482,000
Total	10,482,000

VI. SUMMARY.

Deliveries from materials on hand	29,394,000
Payments and deliveries from national capital and current production	11,113,000
Cash payments	2,140,000
Other payments and deliveries	3,371,000
Expenditures and losses within Germany	10,482,000
Total	56,500,000

If to this total the value of Alsace-Lorraine, of the German colonies, and of the purely military material in the various evacuated territories be added, the figure representing Germany's total payments and deliveries runs well above 100,000,000,000 gold marks.

THE ALLIED SUMMARY.

The reparation commission accounts are not complete, nor are they yet available in any simple form. The following summaries, taken from the *Federal Reserve Bulletin* for February, 1923, are the clearest available:

	Gold marks (in thousands).
I. PAYMENTS TO AUGUST 31, 1922.	
On pre-May 1, 1921, army costs and coal advances, account	2,621,650
On capital debt account	2,504,342
On post-May 1, 1921, army costs account	268,190
On schedule of payments account:	
On installments due to Aug. 15, 1922	1,952,923
On installments falling due Oct. 15, 1922	38,023
Total	7,385,128

Of this total 21 per cent, or 1,562,244 thousand gold marks, was paid in gold or in foreign currency; 45 per cent, or 3,318,542 thousand gold marks, was paid in kind; and 34 per cent, or 2,504,342 thousand gold marks, was paid in State property in the ceded territories.

	Gold marks (in thousands).
II. PAYMENTS IN KIND.	
Under armistice convention:	
Abandoned war material	317,804
Rolling stock (127,039 cars, 4,553 locomotives)	826,653
Motor trucks	17,509
Fixed railway material	2,461
Agricultural material	22,709
Louvain Library	1,451
Proceeds of reparation recovery act	114,744
Under Annex III:	
Ships (2,593,057 gross tons)	706,129
Inland watercraft and installations	24,836
Under Annex IV:	
Reconstruction material	19,810
Livestock (99,300 horses, 175,439 cattle, 218,076 sheep, 21,664 goats, 245,688 poultry)	157,073
Miscellaneous under Annexes II and IV	110,268
Under Annex V:	
Coal, coke, and lignite (actual tonnage 41,019,432 metric tons; converted tonnage, 45,760,053 metric tons)	776,613
Coal, credit in suspense	30,970
By-products of coal	22,855
Under Annex VI:	
Dyestuffs (17,363,990 kilograms)	46,937
Pharmaceutical products (753,775 kilograms)	12,813
Under Annex VII:	
Submarine cables	49,000
Miscellaneous	236
Sales by Reparation Commission:	
Coal, coke, and lignite to Luxemburg (2,525,314 metric tons; 3,406,387 in converted tonnage)	50,074
Dyestuffs to United States Textile Alliance (2,341,497 kilograms)	4,564
Dyestuffs to German buyers (626,805 kilograms)	3,026
Total	3,318,542

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III. DISTRIBUTION OF RECEIPTS.

Countries.	In thousand gold marks.			
United States ¹	59,491			59,491
British Empire ²	955,161	141,922	538	1,097,621
France ³	1,322,709	101,013	2,042	1,425,764
Italy	39,106	157,723		196,829
Japan		8,978	59,000	67,978
Belgium	254,640	1,208,202	635	1,463,477
Others		136,627	6,031	142,658
Total	2,631,107	1,754,465	68,246	4,463,818

¹1,007,283 thousand gold marks still unpaid.

²60,159 thousand gold marks still unpaid.

³155,635 thousand gold marks still unpaid.

	Gold marks (in thousands).
Cession to France—Saar (provisional figure)	300,000
Cession to Poland (provisional figure)	1,730,582
Cession to Danzig (provisional figure)	305,514
Other items in suspense and undistributed assets:	
Pre-May 1, 1921	563,289
Post-May 1, 1921	44,350
Total	7,397,553

An anonymous writer in the *Federal Reserve Bulletin* comments on these figures, pointing out that 39 per cent of the total paid has been absorbed by the expense of the occupation and the advances for food for the Ruhr miners made under the Spa agreement. He adds that if the total cost of the armies of occupation had been paid it would have absorbed 56 per cent of the more than 7,000,000,000 gold marks paid. Since only 65 per cent of this total was paid out of current production (the remaining 35 per cent being paid from cessions of State property effected without use of the occupying armies) it follows that the expenses of the armies and commissions maintained by the Allies in Germany have absorbed more than 86 per cent of the heavy payments exacted from Germany!

GERMANY'S OFFERS.

So many loose statements have been made about "German failure to make proposals to the Allies" that we give the following summary of such proposals:

1. May 29, 1919. Note of the German peace delegation at Versailles offered 20,000,000,000 gold marks by May 1, 1926, and 80,000,000,000 in noninterest-bearing annual payments.
2. July 12, 1920. General proposal for final settlement presented at Spa. (Included repetition of offer of German labor for reconstruction of the devastated districts.)
3. March 1, 1921. Doctor Simon's proposal of payment of a total capital value of 50,000,000,000 gold marks, with interest at 5 per cent.
4. April 24, 1921. German note to the American Government proposing same total, to be amortized in accordance with an index figure of German prosperity.
5. January 28, 1922. Plans for fiscal reforms and payments, submitted to Reparation Commission.
6. May 28, 1922. Further proposals submitted to Reparation Commission.
7. November, 1922. Further proposals submitted to Reparation Commission during its visit to Berlin.
8. January, 1923. Proposals by Karl Bergmann, not officially submitted because Poincaré granted him no audience.
9. May 2, 1923. Cuno proposals.

EXHIBIT XVI.

WHAT GERMANY HAS PAID—KEYNES.

With the German Government's formal announcement of its bankruptcy and the total cessation of all payments, including deliveries in kind, the first phase of reparations during which Germany continuously paid large sums—probably up to the full limit of her capacity—has come to an end. It may be that no more will ever be paid. This is therefore an appropriate moment for reviewing and estimating her past performance.

The mind of the public has been extremely confused by the variety of estimates which have been current, varying from German official claims that she has already paid more than £2,200,000,000 to press headlines that she has paid nothing at all.

Apart from differences of opinion as to the estimation of particular items, there are two sets of figures which have been distinguished, namely, the total financial burden thrown on Germany by the peace

treaty and the portion of this which counts under the terms of the treaty toward the discharge of reparations. Certain sacrifices imposed on Germany are excluded altogether from the items counting toward reparations, although they cost Germany just as dear as items which are not excluded, while the method prescribed by the treaty for calculating for the purposes of the reparation account the value of certain other items undoubtedly yields a lower figure than their real cost to Germany. Thus the cost to Germany of what she has paid and delivered is much greater than the sum credited to her in the books of the Reparation Commission.

Now if we are considering what progress Germany has made toward meeting her treaty liabilities, the latter figure alone is relevant, but if we are seeking the measure of effort needed to carry her burdens or the punishment imposed on her it is the former figure which matters.

Let us begin with the sums credited to her in the books of the Reparation Commission, which are indisputable and which represent the lowest estimate of her effort on any computation. These fall into three categories: Cash, £95,000,000 gold; deliveries in kind, £189,000,000; State property in ceded territories, £127,000,000; total, £411,000,000. Of these sums £19,600,000 was returned to Germany in the form of coal advances (under the Spa agreement). On the other hand, currency worth about £35,000,000 and goods and services worth at least a further £35,000,000 have been furnished to the armies of occupation and the commissions of control. Furthermore, the Reparation Commission has still to estimate and credit the value of State property in the ceded area of Upper Silesia, estimated by Germany, I think, at about £50,000,000. If we make adjustments for these various items, the total sum will be £511,000,000.

Let us allow next for the items reckoned in the reparation account below their real value. The largest and most indisputable of these is coal and coke. If the value of these deliveries had been calculated at their world market price instead of by the formula prescribed by the treaty, it is estimated that £70,000,000 additional (or thereabouts) would have been credited. There are also several other important items in which there is a wide difference between the value placed on them by the German Government and that assessed by the Reparation Commission as follows: The Saar mines, German valuation, £50,000,000, Reparation Commission valuation, £20,000,000; the mercantile marine, German valuation, £290,000,000, Reparation Commission, £35,000,000; ceded State property (not including Upper Silesia), German valuation, £275,000,000, Reparation Commission, £127,000,000; armistice deliveries, German valuation, £175,000,000, Reparation Commission, £59,000,000; total German valuation, £790,000,000, Reparation Commission valuation, £241,000,000.

Thus the German valuation is more than three times that of the Reparation Commission. Part of this discrepancy can be explained, without imputing bad faith to either party, by the difference in the principles of valuation adopted. The German Government naturally considers what the property is worth to the Germans, and the Reparation Commission equally considers what it is worth to the Allies, which may be all the difference between a going concern and a bankrupt stock. It might be quite consistent with the terms of the treaty to value some of the most essential parts of Germany's industrial equipment as scrap iron, but this would not be a correct measure of the burden thrown upon Germany. Indeed, its tendency to impoverish whatever it touches and to convert organized equipment into rubbish is one of the characteristics—we can almost say one of the objects—of the treaty of Versailles. Two items are, however, since they relate to known and definite objects, particularly striking—the Saar mines and the mercantile marine. The difference between the valuation per ton of output placed by the Reparation Commission on the Saar mines and that claimed by France for the destruction of her own mines, and the difference between the valuation per shipping ton placed on the German mercantile marine and that claimed for the destruction of allied shipping are so wide as to seem obnoxious to justice. It should be added that the discrepancy in the shipping valuation partly depends upon whether the boom values current at the date of delivery are taken or slump values current at the date of valuation. It is instructive because it well illustrates the outrageous character of the reparation business to note that the valuation placed on the whole German mercantile marine is sufficient to pay interest on Germany's reparation liability as assessed by the same authority for a period of less than six weeks, while the surrender of the Saar mines pays the perpetually accruing interest bill for less than one month.

Since the German valuation has been built up item by item and offered for criticism and cross-examination, we may fairly assume, after allowing for all possible exaggerations, that a measure of the burden thrown on Germany by the deliveries is not less than half the figure claimed—that is to say, £395,000,000—as against £241,000,000 credited under the terms of the treaty. No one, I think, could put the cost to Germany as distinct from the value to the Allies (which in some cases is less than nothing) at a lower figure than this.

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Our table is then as follows: Credits with the Reparation Commission (less Spa coal advances), £391,000,000; cash and goods supplied to the armies of occupation, £70,000,000; ceded property in Upper Silesia, £50,000,000; addition for the world market price of coal, £70,000,000; addition for the real value to Germany of various surrenders, £154,000,000; total, £785,000,000. I think this can be regarded as a conservative estimate of the burden thrown on Germany under these heads.

We now come to certain items which under the terms of the treaty do not count at all toward the reparation, but are none the less a charge on Germany. The most important are the following: (1) Sums owed to Germany by her former allies; (2) German colonies and State property there situated; (3) State property in Alsace-Lorraine; (4) "restitutions" in replacement of specific allied property removed by Germany from the invaded territory; (5) German ships seized in enemy ports; (6) German private property seized and liquidated abroad; (7) payments by Germany in discharge of private debts.

The face value of the first item is £85,000,000, but while it represents real loss to Germany its market value undoubtedly is nil. I know of no reliable estimate of items 2, 3, 4, and 5. On the basis of partial data I put these items, but without much confidence as to the accuracy of the figure, somewhere around £100,000,000 altogether.

Items 6 and 7 are of different character. The proceeds have been applied to the discharge of German private debts and to this extent they represent not a net loss but the liquidation of liabilities. The net burden has been thrown on Germany only to the extent that the assets have not been applied to the discharge of the liabilities of her own nationals—under the treaty any surplus can be applied to discharge the private debts of Germany's former allies—or have been sequestered and in part not applied (as in the United States), or have been sold at a price less than their value to their German owners as a going concern. Nevertheless, apart from this net burden, the fact that this amount of capital, previously lent to Germany, has been called in, thus diminishing her working capital abroad and her liquid reserves against emergencies, has clearly diminished her capacity to make foreign payments during the period since the armistice almost as much as though it were a net loss.

The figures are very large. The German Government's estimate of the value of the property liquidated abroad is £585,000,000—Tardieu has estimated it a little higher, namely, at £650,000,000—and the amount of cash payments under the clearing-house system is £30,000,000. The estimate of the value of the property liquidated appears too high if it is intended to represent its present value, but is probably not too high as a measure of its pre-war value.

To sum up, I am of the opinion that the financial cost to Germany of her efforts to meet her treaty liabilities and her obligation to surrender under the treaty between the date of the armistice and the date of the occupation of the Ruhr has exceeded a billion pounds, and if we include the sums she has had to find in this period to discharge private debts, the figure reaches £1,300,000,000. In order to reach an independent estimate, I made this calculation before opening the valuable volume, Germany's Capacity to Pay, by Moulton and McGuire, lately published by the Institute of Economics of Washington, D. C. The corresponding estimate of these writers is £1,290,000,000 up to September 30, 1922, which almost agrees with my figure, allowing for the fact that I carry my calculations up to a later date. There are, however, some differences between us regarding one or two items, which make up the total. In addition to this, Germany's pre-war investments in Russia, Turkey, and Austria-Hungary, and her war loans to her allies have been rendered valueless by the course of events, and there has, of course, been an enormous loss of "good will" in her business connections and organization.

Allowing for the change in the value of money and for the relative wealth and population of France in 1871 and Germany in 1919, the figure of £1,000,000,000 pounds represents a real burden on Germany per head more than double that thrown on France by her payment of £200,000,000 after the Franco-German War. If we remember that Germany had fought the most exhausting war in history for four years and had lost in one way and another the bulk of her foreign assets, whereas France had her previous resources of foreign investments and the like almost intact, it is clear that the German effort to pay has represented enormously more than the equivalent of the French indemnity, as indeed we can easily judge after the event, by the comparative effects on the wealth and prosperity of the German people in 1923 and the French people in 1873.

In the face of these facts, the broad outlines of which are not open to dispute, it is an outrageous thing that certain sections of the press should be filled with charges that Germany has paid next to nothing, that she has evaded her liabilities, and that by bluff and chicanery she has cheated her creditors. These statements and suggestions are untrue.

JOHN MAYNARD KEYNES,

LONDON (by cable).

Belgium and the European Crisis. Official reports; E. S. Mittler & Sons, Berlin.

The Living Age. August, September, October, 1922.

Diplomatic Documents Relating to the Outbreak of European War, etc., 2 volumes. Scott, Jos. W.

EXHIBIT XXI.

CONDITIONS OF THE ARMISTICE FIXED BY THE ALLIES AND ACCEPTED BY GERMAN REPUBLIC.

The President of the United States, in his speech of January 8, 1918, proposed the conditions upon which world peace might be assured. They included certain 14 points, as follows:

1. Open covenants openly arrived at, and open diplomacy.
2. Freedom of navigation upon the seas.
3. Removal of economic barriers; equality of trade.
4. Reduction of armaments guaranteed.
5. Impartial adjustment of colonial claims.
6. Evacuation of Russian territory; a free Russia.
7. Evacuation and restoration of Belgium with unlimited sovereignty.
8. Evacuation of French territory; restoration of Alsace-Lorraine.
9. Readjustment of Italian boundaries along lines of nationality.
10. Autonomy for peoples of Austria-Hungary.
11. Evacuation and restoration of Rumania, Serbia, and Montenegro; Serbia accorded access to sea; relations in Balkan States determined upon historical lines of allegiance and nationality, with international guaranties of territorial integrity.
12. Turkish sovereignty maintained, but subject nationalities to be free and autonomous, with Dardanelles opened under international guaranties.
13. Independent Poland guaranteed; access to sea.
14. Association of nations in a league of all nations.

Among statements of principles presented by President Wilson to be accepted are the following:

It will be our wish and purpose that the processes of peace, when they are begun, shall be absolutely open, and that they shall involve and permit henceforth no secret understandings of any kind.

We wish the right to prevail and desire a just and stable peace, such as can be secured only by removing the chief provocations to war, which this program removes.

We have no jealousy of German greatness, and there is nothing in this program that impairs it. We grudge her no achievement of distinction or of learning or of pacific enterprise such as have made her record very bright and enviable. We do not wish to injure her or to block in any way her legitimate influence or power. We do not wish to fight her, either with arms or with hostile arrangements of trade, if she is willing to associate herself with us and the other peace-loving nations of the world in covenants of justice and law and fair dealing. We wish her only to accept a place of equality among the peoples of the world, the new world in which we live, instead of a place of mastery.

Neither do we presume to suggest to her any alteration or modification of her institutions. But it is necessary, we must frankly say, and necessary as a preliminary to any intelligent dealing with her on our part, that we should know whom her spokesmen speak for when they speak to us, whether for the Reichstag majority or for the military party and the men whose creed is imperial dominion.

We have spoken now surely in terms too concrete to admit of any further doubt or question. An evident principle runs through the whole program I have outlined. It is the principle of justice to all peoples and nationalities, and their right to live on equal terms of liberty and safety with one another, whether they be strong or weak. Unless this principle is made a part of its foundation no part of the structure of international justice can stand. The people of the United States could act upon no other principle; and to the vindication of this principle they are ready to devote their lives, their honor, and everything they possess.

On July 4, 1918, the President of the United States declared the issue of the war to be one between democracy and autocracy and that the settlement must be final, and made the following declarations:

1. The destruction of any arbitrary power anywhere that can separately, secretly, and of its own single choice disturb the peace of the world; or, if it can not be presently destroyed, at the least its reduction to virtual impotence.
2. The settlement of every question, whether of territory or sovereignty, of economic arrangement, or of political relationship, upon the basis of the free acceptance of that settlement by the people immediately concerned, and not upon the basis of the material interest or advantage of any other nation of people which may desire a different settlement for the sake of its own exterior influence or mastery.
3. The consent of all nations to be governed in their conduct toward each other by the same principles of honor and of respect for the com-

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mon law of civilized society that govern the individual citizens of all modern States in their relations with one another, to the end that all promises and covenants may be sacredly observed, no private plots or conspiracies hatched, no selfish injuries wrought with impunity, and a mutual trust established upon the handsome foundations of a mutual respect for right.

4. The establishment of an organization for peace which shall make it certain that the combined power of free nations will check every invasion of right and serve to make peace and justice the more secure by affording a definite tribunal of opinion to which all must submit, and by which every international readjustment that can not be amicably agreed upon by the people directly concerned shall be sanctioned.

In his Labor Day message of September 1 President Wilson said:

It is a war to make the nations and peoples of the world secure against every such power as the German autocracy represents. It is a war of emancipation. Not until it is won can men everywhere live free from constant fear or breathe freely while they go about their daily tasks and know that governments are their servants and not their masters.

On September 27 President Wilson, in opening the Liberty loan drive, declared the following five principles:

1. The impartial justice meted out must involve no discrimination between those to whom we wish to be just and those to whom we do not wish to be just. It must be a justice that plays no favorites and knows no standard but the equal rights of the several peoples concerned.
2. No special or separate interest of any single nation, or any group of nations, can be made the basis of any part of the settlement which is not consistent with the common interest of all.
3. There can be no leagues or alliances or special covenants or understandings within the general or common family of the League of Nations.
4. There can be no special selfish economic combinations within the league, and no employment of any form of economic boycott or exclusion, except as the power of economic penalty by exclusion from the markets of the world may be vested in the League of Nations itself as a means of discipline and control.
5. All international agreements and treaties of every kind must be made known in their entirety to the rest of the world. It is further stated that the United States will enter into no special arrangements or understandings with particular nations.

It was known to the German Government that President Wilson spoke as the representative of the allied and associated powers, and on October 4, 1918, Prince Maximilian, of Baden, in notes transmitted to President Wilson by wireless, offered to make peace on the basis of President Wilson's address of January 8, 1918, and his later pronouncements, and to conclude an armistice, and said:

The German Government requests the President of the United States of America to take a hand in the restoration of peace, acquaint all belligerent states with this request, and invite them to send plenipotentiaries for the purpose of opening negotiations. It accepts the program set forth by the President of the United States in his message to Congress of January 8, 1918, and in his later pronouncements, especially his speech of September 27, as a basis for peace negotiations. With a view to avoiding further bloodshed the German Government requests the immediate conclusion of an armistice on land, on water, and in the air.

The President replied desiring to know if the German Government spoke for the German people and demanded a withdrawal of German troops from allied territory as an evidence of good faith.

The Germans replied October 12, accepting in unqualified manner the President's proposals in the following language:

The German Government has accepted the terms laid down by President Wilson in his address of January 8 and in his subsequent addresses on the foundation of a permanent peace of justice. Consequently its object in entering into discussions would be only to agree upon practical details of the application of these terms. The German Government believes that the Governments of the powers associated with the Government of the United States also take the position taken by President Wilson in his address. The German Government, in accordance with the Austro-Hungarian Government, for the purpose of bringing about an armistice, declares itself ready to comply with the propositions of the President in regard to evacuation. The German Government suggests that the President may occasion the meeting of a mixed commission for making the necessary arrangements concerning the evacuation. The present German Government, which has undertaken the responsibility for this step toward peace, has been formed by conferences and in agreement with the great majority of the Reichstag. The chancellor, supported in all his actions by the will of the majority, speaks in the name of the German Government and of the German people.

On October 14 the President replied demanding the absolute overthrow of the Kaiser and the house of Hohenzollern and the cessation of illegal and inhumane practices.

The Germans replied on October 20, agreeing to the annihilation of the Kaiser's power and all the conditions, but protesting the reproach of illegal and inhumane actions which they vigorously disclaimed, as follows:

The German Government protests against the reproach of illegal and inhumane actions made against the German land and sea forces and thereby against the German people. For the covering of a retreat destructions will always be necessary, and they are carried out in so far as is permitted by international law. The German troops are under the most strict instruction to spare private property and to exercise care for the population to the best of their ability. Where transgressions occur in spite of these instructions the guilty are being punished. The German Government further denies that the German navy in sinking ships has ever purposely destroyed lifeboats with their passengers. The German Government proposes, with regard to all those charges, that the facts be cleared up by neutral commissions.

The Germans advised the President that a new government had been adopted in Germany "in complete accordance with the representation of the people based on equal, universal, direct franchise."

On October 23, 1918, the President of the United States replied to the effect that having received such assurances from the German Government he felt he could not decline to take up with the associated Governments the question of an armistice; that the armistice must leave the associated powers in a position to enforce any arrangements that might be entered into, and to make a renewal of hostilities on the part of Germany impossible; that if such an armistice was suggested by the military advisers of the associated nations the acceptance of its terms by Germany would afford the best concrete evidence of her unequivocal acceptance of the terms and principles of peace from which the whole action proceeded.

The German Government on October 27 replied accepting the terms, and said:

The German Government has taken cognizance of the answer of the President of the United States. The President is aware of the far-reaching changes that have been carried out, and are being carried out, in the German constitutional structure, and that peace negotiations are being conducted by a people's government, in whose hands rests, both actually and constitutionally, the power to make the deciding conclusions. The military powers are also subject to it. The German Government now awaits proposals for an armistice which shall be the first step toward a just peace, as the President has described it in his proclamation.

On October 28 Emperor William issued the following decree indorsing the constitutional amendments promulgated by the Reichstag:

Prepared for by a series of Government acts, a new order comes into force which transfers the fundamental rights of the Kaiser's person to the people. Thus comes to a close a period which stands in honor before the eyes of future generations. Despite all struggle between invested authority and aspiring forces, it has rendered possible

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to our people that tremendous development which imperishably revealed itself in the wonderful achievements of this war.

The notes between the Government of the United States and the German Government in their complete continuity, setting forth the proposed bases of peace, were immediately transmitted by the President of the United States to the supreme war council, and Germany was so notified in his note of October 28. Clemenceau turned these notes over to Foch, who summoned Petain, Haig, and Pershing to read the correspondence to them and ask their advice. On the 26th Foch handed the military terms of the armistice to Clemenceau at the Trianon Palace Hotel, the meeting place of the supreme war council in Versailles.

The representatives of the Entente Governments immediately convened there to consider the terms laid before them and to come to a conclusion as to their acceptance or rejection; to decide whether an armistice should be granted and peace made upon the basis offered, or the offer of an armistice refused and surrender demanded. They reached a final conclusion on November 4, accepting the basis on which the Germans agreed to surrender as fixed by President Wilson, having occupied a period of nine days in deliberating upon the entire contract.

The representatives of the Entente Governments at the Trianon Palace Hotel in the above conference were Mr. Balfour; Prime Minister Lloyd-George, the foreign minister; the secretary of state for war; the first lord of the Admiralty; the high commissioner to the United States, Lord Reading; the chief of the general staff, Field Marshal Haig; the first sea lord, Admiral Wemyss; and Mr. Bonar Law, all of whom represented Great Britain.

The French Government was represented in like fashion by Clemenceau, by Foreign Minister Pichon, and most of the members of the French Government.

The United States was represented by General Bliss, Colonel House, Admiral Benson, etc.

The Italian leaders were there.

In all, 24 delegates actively participated and reached the following conclusion, to wit:

The allied governments have given careful consideration to the correspondence which has passed between the President of the United States and the German Government. Subject to the qualifications which follow, they declare *their willingness to make peace with the Government of Germany on the terms of peace laid down in the President's address to Congress in January, 1918, and the principles of settlement enunciated in his subsequent addresses.*

They must point out, however, that clause 2, relating to what is usually described as the freedom of the seas, is open to various interpretations, some of which they could not accept. They must therefore reserve to themselves complete *freedom on this subject* when they enter the peace conference.

Further, in the conditions of peace laid down in his address to Congress of January 8, 1918, the President declared that invaded territories must be restored as well as evacuated and freed. The Allies feel that no doubt ought to exist as to what this provision implies. By it *they understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and their property by the aggression of Germany by land, by sea, and from the air.*

Congressional Record.

SIXTY-EIGHTH CONGRESS, FIRST SESSION.

The Indebtedness of France to the United States.

SPEECH

OF

HON. ROBERT L. OWEN,

OF OKLAHOMA.

IN THE SENATE OF THE UNITED STATES,

January 17, 1924.

Mr. OWEN. Mr. President, on yesterday the Senator from Idaho [Mr. BORAH] commented upon the apparent European propaganda looking to the possible repudiation by the European countries of the indebtedness due to the United States. It is very difficult indeed to believe that the Governments of France or Great Britain really contemplate anything of that sort, although certain unofficial individuals have been heard in the public press to make the comments quoted by the Senator from Idaho. France has been having a difficult time since the

war, and I called on the Federal Reserve Board for some figures with regard to the conditions there. I think it worth while to present them to the Senate.

The French budget for 1913 showed receipts of 4,907,000,000 francs and expenditures of 5,072,000,000 francs, making a deficit of 165,000,000 francs.

When they got into the war in 1914 this deficit ran up to 6,000,000,000 francs; in 1915, to 17,000,000,000 francs; in 1916, to 31,000,000,000 francs; in 1917, to 38,000,000,000 francs; in 1918, to 49,000,000,000 francs. Since the war they have not avoided this annual deficit, which ran to 42,000,000,000 in 1919, 38,000,000,000 in 1920, 30,000,000,000 in 1921, and 24,000,000,000 in 1922. So that the total deficit in all these years amounts to 279,000,000,000 francs. In addition their excess of imports over exports has been very large.

Without reading the whole of that, I ask to have printed in the CONGRESSIONAL RECORD this table prepared by the officers of the statistical division of the Federal Reserve Board.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Government finances.

[In millions of francs; 000,000 omitted.]

	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	Total, 1914-1922.	1923	1924
BUDGET.													
Receipts.....	4,907	4,196	4,130	4,930	6,186	6,791	11,586	19,821	21,543	24,691	103,876	(1)	
Expenditures.....	5,072	10,371	22,120	36,848	44,661	56,649	54,213	58,143	52,023	48,720	383,748		
Deficit.....	-165	-6,175	-17,990	-31,916	-38,475	-49,858	-42,627	-38,322	-30,480	-24,029	-279,872		
EXPENDITURE.													
Ordinary budget.....	5,066	9,891	19,009	29,997	37,597	48,584	35,345	30,772	27,886	25,136	264,217	23,438	23,438
Special (recoverable budget).....		372	1,914	2,947	4,081	5,952	15,481	22,279	21,423	23,084	97,533	25,970	21,665
FOREIGN TRADE IN MERCHANDISE.													
Imports.....	8,421	6,402	11,036	20,640	27,554	22,306	35,799	49,905	22,068	23,901			
Exports.....	6,880	4,869	3,937	6,214	6,013	4,722	11,879	26,895	19,772	20,642			
Excess of imports.....	1,541	1,533	7,099	14,426	21,541	17,584	23,920	23,010	1,296	2,259			

¹ Final figures for 1923 will show expenditures of about 23,000,000,000 francs and a small surplus above estimates. The 1923 ordinary budget is carried over for 1924 with small changes.

Ten months, 1924:

Imports..... 25,621

Exports..... 24,376

Mr. OWEN. The total indebtedness of France on April 30, 1923, was:

	Francs.
Internal debt: funded.....	171,000,000,000
Floating.....	82,000,000,000
Total.....	253,000,000,000

The external debt, which of course is measured in gold, fluctuates as the French franc goes down, so that the external debt in terms of gold would be multiplied so that on the basis of the present French franc the outstanding indebtedness would amount to something over 450,000,000,000 French francs as of this date, or a total of about \$20,000,000,000. If the French bring the franc back to par, it would cost the taxpayers the difference between 4½ cents gold on 253,000,000,000 francs internal debts and 19.3 cents gold, or about \$39,484,000,000 of additional gold payments. It seems to me Europe should valorize its currency at an equitable arbitrary figure and redeem all old currency on that basis and issue a new currency on American principles that would assure its future stable value in gold and at an agreed per capita basis by European conference, so as to facilitate commodity exchanges.

Of course the going down of the French franc is due to both the internal and external indebtedness, because the people who

speak in terms of francs naturally think in terms of the solvency of the government which is issuing the franc, imposing and collecting taxes, and either living within its income or not living within its income. That is a perfectly natural thing. It is not due to anything except financial mathematics. It is just a question of the fiscal law of gravity.

The French statesmen apparently have been leading the French people to feel that they would soon be getting very many billions from the German reparations, and therefore big armies, great expenditures, loans to others, and extravagance was justified. Those billions are not materializing in a satisfactory manner apparently, and now it has come to a point where, in order to keep the franc from tobogganing downward, as the German mark has done, the French leaders are compelled to raise the rate of taxation. The papers announced that they did this a day or two since by raising the average of taxation 20 per cent. I think it is pretty well understood that the wealth of France has not paid the heavy taxation which the wealth of Great Britain has paid or that of the United States has paid; but the time has come when, in order to save the franc from further depreciation, it is absolutely necessary for the French people to recognize the actual verities relating to their fiscal condition; and I have no doubt that they have the wisdom to do that, because the French are really very able and their fiscal management is conducted with great intel-

ligence in normal times. The emotion of war has upset the whole world and led the French Government into error which is now being reflected on the French franc unavoidably. I will put this statement of the French indebtedness into the RECORD without reading all of the details.

The PRESIDING OFFICER. Is there objection to the insertion of the table in the RECORD?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Public debt of France.

[In millions of francs.]

	July 31, 1914.	Dec. 31, 1918.	Sept. 30, 1920.	May 31, 1921.	Mar. 31, 1922.	Apr. 30, 1923.
Internal debt:						
Funded.....	32,579	67,739	121,306	136,072	155,058	171,681
Floating.....	1,609	49,135	81,257	86,132	87,050	82,821
Total.....	34,188	116,874	202,563	222,204	242,108	254,502
External debt:						
Funded.....		15,127	49,796	44,604	41,438	56,037
Floating.....		15,471	33,477	30,560	33,438	50,517
Total.....		30,598	83,273	75,164	74,876	106,554
Grand total....	34,188	147,472	285,836	297,367	316,984	361,056

¹ The external debt varies with every fluctuation of the exchange. For this table, its value in gold francs has been multiplied by 3 to represent the approximate situation on April 30, 1923. At the present time, with the franc at about \$0.04, it would be nearly 50 per cent higher.

On July 31, 1923, the total debt was 430,000,000,000 francs, according to the Department of Commerce, United States.

RECENT LOANS.

In June and October, 1923, the French Government issued bonds to the sums of 9,778,000,000 francs and 6,040,000,000 francs, respectively. To a considerable extent these were funding issues representing the conversion of maturing notes and treasury bills. The costs to the government were, respectively, about 7 per cent for the former and 8 per cent for the latter. The total special budget for 1923 was 25,970,000,000 francs, to be entirely covered by receipts from Germany or by loans. Practically nothing was received from Germany during the year, and the deficits in this budget were covered by the receipts from the loans mentioned above and by loans issued by private groups and guaranteed and assumed by the government. The special budget (recoverable) for 1914 is 21,665,000,000 francs. Anticipated treasury borrowing for 1924 amounts to 13,000,000,000 francs.

Mr. OWEN. A later memorandum up to January 1, 1924, puts the French internal debt at 269,000,000,000 francs (worth at 5 cents about \$13,350,000,000 gold owned by the French people) and 126,000,000,000 francs in external debt, or about \$6,000,000,000 gold due foreigners.

If the French Government will demobilize and be economical, it can in due time pay its debts.

There is no just reason to ask the cancellation of the debts due the United States by France—and the people of the United States will never permit it. I thought it worth while to call the attention of the Senate to this matter, because the franc has gone down from January, 1919, after the war, when it was worth 18.3 cents, to about 4 1/2 cents. Under the reparation management, and under the wonderful treaty of Versailles, which was going "to save the world," we see all of the currency of Europe going down, more or less. Great Britain did retrieve its currency by cutting down the John Bradbury notes and dimin-

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ishing the currency, and rigidly maintaining its credit, but the other nations have suffered very severely from the depreciation of their currency and neglect of their credit. Some of the neutral countries have not suffered very severely. Sweden, for instance, has done very well. The franc, going from a value of 18.3 cents in 1919 to less than 4.5 cents in January, 1924, has a vast significance. That is a matter of grave international consequence and tells the story of the world's impaired confidence in the management of the policies of the French Government.

What Europe needs is restoration of "production." A restoration of production is impossible without a restoration of "confidence." Some measure of confidence is required in order to have a "stable currency." They are talking about giving Germany a stable currency. If people have not any confidence in the stability of the German Government or its continuity, statesmen can not give a stable currency to Germany through German sources, because, after all, the stability of that currency will depend upon the confidence in the stability of government. It must have stability. The French statesmen have not realized this truth, but have done much to break down the government of Germany.

The Senate will recall that in 1918 I presented a plan which would have given a stable gold-secured and commodity-secured currency for all of Europe, to the extent of their requirements and desires—a plan still entirely available—simply by extending the Federal reserve system to Europe by a Federal reserve foreign bank, issuing Federal reserve bank notes of that particular bank against commercial bills secured by merchantable nonperishable commodities, and backed by the usual personal and banker's credit, as we require for the Federal reserve notes of this country. So that behind every such note would be 100 per cent of commodity values, 100 per cent private credit, 100 per cent bankers' credit, and in addition there should be set apart a gold fund equal to approximately 20 per cent, which would be sufficient, in my judgment, to assure daily redemption of such notes. In that way all the European countries could be supplied with a stable currency within a very short time.

We have idle gold laying in our vaults amounting to many times more than would be required and which could be used without any injury to our own system at all to provide this redemption fund, and such a redemption fund would earn a sufficient amount to replace itself within a few years. So there is no insuperable difficulty about giving them a gold-secured currency if they have the wit to take it and really want it. I think America would be fully justified if it helped Europe. But Europe must make it safe for America by making Europe safe for peace instead of moving it toward war. Production must be based on a balancing of the Budget on a stable currency by which men can measure contracts. They can not measure contracts and can not go into large production without contracts, and they require for the making of contracts a currency which will be a stable measure of value.

The French and German press and the leaders should open up a propaganda of good will and understanding.

The French should get out of Germany. The war myth of Germany's exclusive guilt should be frankly abandoned and an era of good will and mutual cooperation and helpfulness started.

The foreign office of France should be put under control of the French Chamber of Deputies.

The foreign office of the British Empire should be put under the House of Commons, as Ramsey McDonald, the new British Premier to be, is quoted as demanding. The unhappy old secret diplomacy under which a dozen men led the world to war should be ended for all time.

REPUBLICAN PARTY DIRECTLY RESPONSIBLE
FOR A GREAT INDUSTRIAL DEPRESSION

REPLY TO MR. SMOOT

SPEECH
OF
HON. ROBERT L. OWEN
OF OKLAHOMA

IN THE
SENATE OF THE UNITED STATES

SATURDAY, JUNE 7, 1924



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SPEECH

OR

HON. ROBERT L. OWEN

OF OREGON



SENATE OF THE UNITED STATES

SATURDAY, JUNE 7, 1931



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HON. ROBERT L. OWEN

REPLY TO MR. SMOOT

Mr. OWEN. Mr. President, the Senator from Utah [Mr. SMOOT] has with fulsome praise recounted the accomplishments of the Republican leaders during the last four years. There is one thing that the Senator from Utah has omitted. He has omitted to point out that the Republican leaders demanded the deflation of credit and currency in their national platform of 1920, that they put that policy upon the country, and have brought about in America the greatest industrial depression which this Republic has ever known. This ridiculous self-praise of the Republican Party comes with poor grace from the conservative, reactionary, stand-pat Republican leaders who have bankrupted millions of people by the cruel and harsh policy of deflating credit and currency in this country.

That I do not exaggerate the condition is known to all of those Senators who live west of the Mississippi River; to all of those Senators east of the Mississippi River who have in their States farmers, stock raisers, and small producers who have been injured or ruined by this criminally bad policy. That is the real cause of the farmer-labor movement. The farmers and laborers and little people have been so ill-treated by this Government and its agencies under the reactionary leadership of the Republican Party, that they have abandoned all parties in some States and are trying to organize a new party in order to find some relief, because they are in despair.

Do I exaggerate what has occurred? I put in the CONGRESSIONAL RECORD on June 4 the vital facts set forth in a letter from the Comptroller of the Currency. It appears on page 10717 of the RECORD. The loans and discounts of the banks as of June 30, 1920, were \$34,087,000,000.

On June 30, 1922, they were \$28,483,000,000—a contraction of loans and discounts of over five and a half billion dollars. Mr. President, such a contraction of loans and discounts never has been known before in the history of this country. Is it any wonder that the sheepmen of Nevada and of all the western country, that the stockmen of Texas and Oklahoma and Kansas and Nebraska and all of the agricultural areas of America are bankrupt? This self-praise of the conservative Republican leadership by the Senator from Utah [Mr. SMOOT] as their chosen mouthpiece, claiming to have rendered gigantic benefits to the country will not be heard or believed by those who have been bankrupted by this wicked policy of the stand-pat, money-loving Republican leaders.

Do I exaggerate it? What have they done to the currency itself, the Federal reserve notes?

On June 25, 1920, within a few days after the famous resolution of the Senator from Illinois [Mr. McCORMICK] favoring deflation of credit and currency passed the Senate there were in actual circulation \$3,117,000,000 of Federal reserve notes and \$184,000,000 of Federal reserve bank notes, a total of \$3,301,000,000. On June 5, 1924, it had shrunk to \$1,884,000,000, a contraction of the currency of this country of \$1,517,000,000.

Senators, when you reflect upon the fact that the history of the banking system of the United States has demonstrated that \$1 of currency in the national banks of the country has uniformly, from the beginning to the end of that system, supported \$10 of loans and discounts, \$10 of credit, is it any wonder that the shrinkage of fifteen hundred millions has caused a substantial diminution of credit of fifteen thousand millions? Is it any wonder that the people are feeling hurt? Well, they do feel hurt. Believe me, they feel hurt. In my own State I know what has happened.

I put in the RECORD, page 10717, this report from the Comptroller of the Currency showing the bank failures that have taken place. Why, in the year ending June 30, 1919, only one bank failed in the national banking system—one bank! Since last June 121 national banks have failed up to this time and about 300 State banks. When this policy was put over the following year, ending June 30, 1921, 330 State banks and 28 national banks failed. The next year, ending June 30, 1922, 364 additional State banks and 33 national banks failed; and the next year, ending June 30, 1923, 237 State banks and 37 national banks failed. Since last June 121 national banks and over 300 State banks have failed.

Such wholesale financial, industrial, and commercial disaster has had no equal in our banking history.

Why did these banks fail? Because of this sinister, unintelligent, selfish policy trying to make the dollar more difficult to get, a policy against which I protested with all my might in the spring of 1920, and I got no adequate support. I made four speeches against it in the Senate between January and May, 1920, and printed in the CONGRESSIONAL RECORD three letters of protest to the Reserve Board and one letter to the President of the United States. I called the attention of the country then to the fact that this policy of raising the interest rates and without discrimination contracting credit would be ruinous to the country. I pointed out with all the energy at my command that it would produce a great industrial depression and ruin many of our people. After it all happened I did not feel disposed to make the welkin ring with my complaints against the members of the Reserve Board or the officers of the reserve banks whose unspeakable folly I could not prevent. They were acting as the agents of the Republican Party in power. I have been silent; but when I sit here and hear the recounting of these vainglorious deeds of the Republican Party by the Senator from Utah it is too much. I can not resist calling the attention of the Senate and of the country to what is occurring and how it occurred.

Let me read the Republican national platform of 1920 on this point:

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But as the political party that throughout its history has stood for honest money and sound finance, we pledge ourselves to earnest and consistent attack upon the high cost of living—

Wonderful!

upon the high cost of living by rigorous avoidance of further *inflation* in our Government borrowing, by *courageous and intelligent deflation* of over-expanded *credit and currency*.

It was not intelligent, and it was damned cowardly. It was ruinous to the country and was dictated by a few men determined to increase the power of their dollars and to deflate labor and to deflate the farmers and stock raisers and to deflate the little producer and borrower for the benefit of the creditor class.

You need not fool yourselves and think you are fooling the country. You can not fool the country. You can fool some of the people all the time, but you can not fool all the people all the time, and there is coming upon you a judgment next November which you thoroughly deserve. You organized both Houses of Congress in 1919, and you won a glorious partisan victory in 1920. You used your power to put over the deflation policy, and used as your agency the Federal Reserve Board, a majority of whose members were ultraconservative and fundamentally of conservative opinions, entitled to be classed as standpat Republicans on the question of deflation.

Mr. HEFLIN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Alabama?

Mr. HEFLIN. I thought the Senator had finished. I do not want to interrupt him. I agree with the Senator.

Mr. OWEN. I wish to call attention to the conditions of employment in this country.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Massachusetts?

Mr. OWEN. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Will the Senator yield to me to present some statistics of unemployment in the country?

Mr. OWEN. I yield.

FINANCIAL DEPRESSION AND UNEMPLOYMENT

Mr. WALSH of Massachusetts. I would not take the time of the Senate to present these statistics from Government reports were it not for the misleading statement of the administration to the effect that the country is prosperous and that there is little unemployment. Fortunately we have a recent record from the Department of Labor concerning unemployment. The last report is for the month of April, and it shows that since April, 1923, there has been a decrease in employment in 33 of the leading industries of the country and an increase in only 13; that the losses in dollars and cents on the pay roll in various industries in one year has been 22.5 per cent in men's clothing; 20.7 per cent in cotton goods; 19.6 per cent in automobile tires.

Only one of the 12 leading groups of manufacturing industries of the country shows an increase over last year, and that is one

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that is relatively small. That is the group dealing in the manufacture of glass and clay.

One great textile group of industries as a whole shows a decrease of 11 per cent in the number of workers on the pay roll and 13 per cent in wages since last year.

From the figures of the Department of Labor it is evident beyond a shadow of a doubt that over 400,000 more workers are out of employment in the manufacturing industries now than a year ago, with a total loss in wages of about \$5,000,000 monthly.

Comparing unemployment in March and April of this year, we find in one month alone a decrease of 11.4 per cent in the number of employees on the pay rolls in the men's clothing industry and 16.6 per cent in wages.

The report also shows, out of every five persons employed in this country in 1920, there is one in five out of employment today. It must be noted that these statistics only record the unemployment caused by reason of having names taken from the pay roll, and it makes no record of hundreds of thousands of people of this country who are working short hours or reduced time.

I thank the Senator for yielding, and I ask permission to have the statement from which I read printed in the RECORD as a part of my remarks.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

STATEMENT OF UNEMPLOYMENT IN THE UNITED STATES IN 1924

(By Senator DAVID I. WALSH of Massachusetts)

The latest official statistics compiled by the United States Bureau of Labor of employment in the leading manufacturing industries of the country during April, 1924, show that there have been gains in only 13 of the leading industries and losses in 33 of the leading industries since April, 1923. The report states that "the decreases in employment in this 12-month period were exceptionally large in a majority of these 33 industries, which lost in employment." It is to be noted that these figures do not relate to partial employment, only the actual decrease in number on pay rolls:

Employment decreased:	Per cent.
Steam railroad shops	19.7
Agricultural implements	18.2
Foundry and machine shops	18.0
Men's clothing	16.5
Automobile tires	15.9
Cotton goods	14.7
Carriages	13.7
Leather	13.1
Shipbuilding	12.4
Shirts and collars	12.2
Sugar refining	11.8
Woolen goods	11.6
Stoves	11.4
Millinery and lace goods	10.8
Boots and shoes	10.3

Besides the losses in dollars and cents on the pay rolls were:

	Per cent.
Men's clothing	22.5
Cotton goods	20.7
Automobile tires	19.6

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Only 1 of the 12 leading groups of manufacturing industries of the country showed an increase over last year, and that is one of the relatively smallest, namely, the stone, clay, and glass group.

Our great textile group of industries as a whole shows a decrease of 11 per cent in number of workers on pay rolls, and 13.4 per cent in wages since last year.

The iron and steel group showed a decrease of 2 per cent, and the leather group a 11 per cent decrease, chemicals a 7 per cent decrease, and tobacco a 6 per cent decrease.

From the figures of the Department of Labor it is evident beyond a shadow of a doubt that over 400,000 more workers are out of employment in the manufacturing industries now than a year ago, with a total loss in wages of about \$5,000,000 monthly.

Comparing employment in March and April of this year, we find in one month alone a decrease of 11.4 per cent in number of employees on the pay rolls in the men's clothing industry and 16.6 per cent in wages.

Index numbers of employment of the United States Department of Labor show that since 1920, 22 per cent of the workers then employed are now idle. (See U. S. Department of Labor Statistics: "Employment in Selected Industries, April, 1924." especially pp. 3, 4, and 11.)

The PRESIDENT pro tempore. The Chair recognizes the Senator from Oklahoma for his second address upon this motion.

INJURIOUS EFFECTS OF DEFLATION POLICY

Mr. OWEN. Mr. President, when I was in Oklahoma a few days ago attending a bank directors' meeting, in discussing the agricultural conditions in that section of the country I was advised by men who know, by men who themselves are cultivating large areas of land, that they are paying \$1.25 a day for laborers on the farm, and the laborer has to feed himself. Believe me, the man who is laboring on the farm under those conditions, with a woman and two or three children depending upon him for support, is not contented. He should not be contented.

If you want to make Bolsheviki, that is the way to manufacture them. If you want to cause violence and discontent, all you have to do is to contract credit and currency until you bankrupt hundreds of thousands and millions of people in this country.

Mr. FESS. Will the Senator yield for just one question?

Mr. HEFLIN. The Senator would lose the floor.

Mr. OWEN. I can not yield. I will thank the Senator to permit me to finish. I will yield the floor in one moment.

The responsibility for this policy can not be escaped. The majority in control of this Chamber on May 17, 1920, was Republican. A Republican Senator, the Senator from Illinois [Mr. McCORMICK], offered a resolution purporting to be a resolution merely calling for information. In reality it was a resolution favoring the deflation of credit and currency. It was the answer to my protests against the policy of deflation, the assumption of responsibility by the Republican Party, and the cloak of protection by that party of its agents on the Federal Reserve Board who were being criticized by me for pursuing that evil course. The resolution was agreed to. I

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was not present, but the following day—May 18, 1920—I registered my vehement protest.

In June, 1920, immediately following, the Republican Party leaders in national convention assembled put a plank in their national platform declaring for the policy of deflating credit and currency.

A chosen representative of that convention, as a candidate for the Presidency of the United States, Senator Warren G. Harding, put it in his speech of acceptance, declaring for a "courageous and intelligent deflation of credit and currency."

The Republicans took the full and complete responsibility of deflating the credit and currency of the country and the terrible consequences ensued. They can not now evade or escape the consequences of deflating and ruining our industry and commerce.

It is in vain for them to say that members of the reserve board were appointed as Democrats. The board was an agency of the Government and subject to the domination of the party in power, and the majority of that Federal Reserve Board entertained the view expressed in the Republican Party platform on deflation, and therefore were Republicans and not Democrats.

The Republican Party, which passed the McCormick resolution favoring deflation of credit and currency, May 17, 1920, which passed the resolution in the national platform favoring deflation of credit and currency, and nominated and elected a President who pledged himself in his speech of acceptance to deflate credit and currency, can not now hide itself behind any subterfuge. Its responsibility and conviction is complete.

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The resolution was passed by the Republican Party. The responsibility of deflating credit and currency is complete. It is in vain for them to say that members of the reserve board were appointed as Democrats. The board was an agency of the Government and subject to the domination of the party in power, and the majority of that Federal Reserve Board entertained the view expressed in the Republican Party platform on deflation, and therefore were Republicans and not Democrats. The Republican Party, which passed the McCormick resolution favoring deflation of credit and currency, May 17, 1920, which passed the resolution in the national platform favoring deflation of credit and currency, and nominated and elected a President who pledged himself in his speech of acceptance to deflate credit and currency, can not now hide itself behind any subterfuge. Its responsibility and conviction is complete.

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