











ENGLAND AND GERMANY

1911

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# ENGLAND AND GERMANY

UNIVERSITY OF  
CALIFORNIA

BY

DR. E. J. DILLON

WITH AN INTRODUCTION

BY

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PRIME MINISTER OF AUSTRALIA

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TO  
H.S.H. ALICE  
PRINCESS OF MONACO  
THIS PARTIAL PRESENTMENT OF THE  
BEGINNINGS OF A WORLD  
CATAclysm

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## INTRODUCTION

BEHIND any human institution there stand a few men—perhaps only one man—who direct its movement, protect its interests, or serve as its mouthpiece. This applies to nations. If we wish to know for what a nation stands and what are its ideals and by what means it seeks to realise them, we shall do well to know something of the men who lead its people or express their feelings.

It is of vital importance that we should understand the attitude of every one of the nations—both friends and enemies—involved in this war. For in this way only can we know what is necessary to be done to achieve victory.

And the remarkable man who has written this book knows those who lead the warring nations in this titanic conflict very much better than ordinary men know their own townsmen.

Dr. Dillon has moved through the chancelleries of Europe. He has seen and heard what has been denied to all but very few. In the Balkans, that cauldron of racial passions which, overflowing, gave our enemies an ostensible cause for this war, he moved as though an invisible and yet keenly observant figure. He

could claim the friendship of Venizelos and other Balkan statesmen. He has travelled as a monk throughout the mountain fastnesses, he has slept in the caves of Albania. He understands the people of all the Balkans, speaks their tongues as a native, and knows and assesses at their true value their leaders.

At the time of the murder of the Archduke Ferdinand and the Archduchess, Dr. Dillon was in Austria, and he remained there through those long negotiations in which Germany tenaciously clung to her design of war.

How well he knows Germany let his book speak. His knowledge of Russia is profound. A master of many languages, he occupied a chair at the Moscow University for many years, and his insight into Russian politics is deep.

In this book he speaks out of the depth of his knowledge, and tells the people of Britain what this war means to them, and what needs to be done before we can hope for victory. He speaks plainly because he feels strongly.

It may be that we cannot agree with him in everything that he says. But no one, after reading Dr. Dillon's remarkable book, will any longer regard the war as but a passing episode. It is a timely antidote to that fatal delusion.

For this war is a veritable cataclysm, and the future of the world hangs upon the result. We must change our lives. Insidiously, while we have called all foreigners brothers and sought foes amongst ourselves, the great force of barbarism, in a new guise and with enormous



power of penetration and annexation, has worked for our undoing. This force now stands bared, in the hideous bestiality of Germany's doctrine of Might, and it can be defeated only by an adaptation of its methods that will leave nothing as it was before.

Dr. Dillon's unfolding of the story of German preparation is, it will be admitted, one of fascinating interest. Of its value as a contribution to political and diplomatic history it is not for me to speak. But to its purpose in keying all men to the pitch; all to a sense of the great events in which we are taking part, I bear my testimony. "Germany is wholly alive, physically, intellectually, and psychically. And she lives in the present and future" (p. 312). And the living force of Germany requires us to rise to the very fulness of our powers; for as the champions of truth and right we must prove ourselves physically and morally stronger than the champions of soulless might.

Germany is wholly alive; but she is alive for evil. We whose purpose is good, whose cause is justice and whose triumph is indispensable if honest industry and human right are not to disappear from mankind, are as yet not fully alive to the immensity and necessity of our task. We must awaken, or be awakened, ere it be too late.

Germany is living in the present and in the future. It is a present of determined effort, of unlimited sacrifice, of colossal hope. The future for which she strives and suffers is a

future incompatible with those ideals which our race cherishes and reveres. Either our philosophy, our religion and code prevail, or they fade into decay, and Germany's aims remain. The choice is definite.

There can be no parley, no compromise with the evil thing for which Germany fights. There is not room for both. One must go down.

We must win outright. And we can and shall win—if we bend every thought, our whole will, our every energy, our utmost intensity of determination to the great work. Failing this, we shall secure only a victory equivalent to defeat. We chose the part of free men, and, when purified by complete self-sacrifice, shall emerge from the ordeal a great and regenerated people.

W. M. HUGHES.

## CONTENTS

CHAP.		PAGE
	INTRODUCTION BY THE HON. W. M. HUGHES	vii
I	THE CHARACTER OF GERMANY . . . .	1
II	THE GERMAN SYSTEM OF PREPARATION . . . .	7
III	GERMANY AND ITALIAN FINANCE . . . .	27
IV	THE ANNEXATION MANIA . . . . .	37
V	GERMANY AND RUSSIA . . . . .	53
VI	THE STATESMANSHIP OF THE ENTENTE . . . .	81
VII	TEUTON POLITICS . . . . .	88
VIII	A MACHIAVELLIAN TRICK BY WHICH RUSSIA'S HAND WAS FORCED . . . . .	99
IX	GERMAN PROPAGANDA IN SCANDINAVIA . . . .	108
X	GERMANY AND THE BALKANS . . . . .	116
XI	THE RIVAL POLICIES . . . . .	136
XII	PROBLEMS OF LEADERSHIP . . . . .	146
XIII	PROBLEMS OF FINANCE . . . . .	161
XIV	READJUSTMENTS . . . . .	175
XV	THE POSITION OF ITALY . . . . .	192
XVI	ROUMANIA AND GREECE . . . . .	214

CHAP.		PAGE
XVII	GERMANY'S RESOURCEFULNESS . . .	227
XVIII	THE PERILS OF PARTY POLITICS . . .	236
XIX	PAST AND PRESENT . . . . .	246
XX	PROBLEMS OF THE FUTURE . . . . .	272
XXI	THE FINAL ISSUE . . . . .	296

# OURSELVES AND GERMANY

## CHAPTER I

### THE CHARACTER OF GERMANY

DURING the memorable space of time that separates us from the outbreak of the catastrophic struggle, out of which a new Europe will shortly emerge, events have shed a partial but helpful light on much that at the outset was blurred or mysterious. They have belied or confirmed various forecasts, fulfilled some few hopes, blasted many others, and obliged the allied peoples to carry forward most of their cherished anticipations to another year's account. Meanwhile the balance as it stands offers ample food for sobering reflection, but will doubtless evoke dignified resignation and grim resolve on the part of those who confidently looked for better things.

The items of which that balance is made up are worth careful scrutiny for the sake of the hints which they offer for future guidance. The essence of their teaching is that we Allies are engaged not in a war of the by-past type in which only our armies and navies are contending with those of the adversary according to accepted rules, but in a tremendous struggle wherein our enemies are deploying all their resources without reserve or scruple for the purpose of destroying or crippling our peoples.

## 2: OURSELVES AND GERMANY

Unless, therefore, we have the will and the means to mobilize our admittedly vaster facilities and materials and make these subservient to our aim, we are at a disadvantage which will profoundly influence the final result. It will be a source of comfort to optimists to think that, looking back on the vicissitudes of the first twenty months' campaign, they can discern evidences that there is somewhere a statesman's hand methodically moulding events to our advantage, or attempering their most sinister effects. Those who fail to perceive any such traces must look for solace to future developments. For there are many who fancy that the economy of our energies has been carried to needless lengths, that the adjustment of means to ends lacks thoroughness and precision, and that our leaders have kept over rigorously within the narrow range of partial aims, instead of surveying the problem in its totality and enlarging the permanent efficacy of their precautions against unprecedented dangers.

The twenty months that have just lapsed into history have done much to loosen the hold of some of the baleful insular prejudices which heretofore held sway over the minds of nearly all sections of the British nation. It may well be, therefore, that we are now better able to grasp the significance of the principal events of the war, and to seek it not in their immediate effects on the course of the struggle, but in the roots—still far from lifeless—whence they sprang. For it is not so much the upshot of the first phases of the campaign as the deep-lying causes which rendered them a foregone conclusion that force themselves on our consideration. Those causes are still opera-

tive, and unless they be speedily uprooted will continue to work havoc with our hopes.

It is now fairly evident that the present war is but a violent phase in the unfolding of a grandiose ground idea—the subjugation of Europe by the Teuton—which was being steadily realized ever since the close of the Franco-German campaign of 1870. It is likewise clear that, despite her “swelled head,” Germany’s estimate of her ability to try issues with all continental Europe was less erroneous than the faith of her destined victims in their superior powers of resistance. The original plan, having been limited to the continental states, was upset by Great Britain’s co-operation with France and Russia. But, despite this additional drag, Germany has achieved the remarkable results recorded in recent history. And with some show of reason she looks forward to successes more decisive still. For in her mode of conceiving the problem and her methods of solving it lie the secret of her progress. But there, too, is to be found the counter-spell by which that progress may be effectually checked; and it is only by mastering that secret and applying it to the future conduct of the struggle that we can hope to ward off the dangers that encompass us.

Germany is like no other State known to human history. She exercises the authority of an infallible and intolerant Church while disposing of the flawless mechanism of an absolute State. She is armed with the most deadly engines of destruction that advanced science can forge, and in order to use them ruthlessly she mixes the subtlest poisons to corrupt the wells of truth and debase the standards of right and wrong. And this she

#### 4      OURSELVES AND GERMANY

can do without the least qualms of conscience, in virtue of her firm belief in the amorality of political conduct. Her members at home and abroad, whose number is not fewer than a hundred and twenty millions, form a political community of whose compactness, social sense and single-mindedness the annals of the human race offer no other example. All are fired by the same zeal, all obey the same lead, all work for the same object. She sent and is still sending forth missionaries of her political faith, preachers of the gospel of the mailed fist, to every country in which their services may prove helpful. Diplomats, journalists, bankers, contrabandists, social agitators, spies, incendiaries, assassins and courtesans, willing to offer up their energies and their lives in order to circumvent, despoil or slay the supposed enemies of their race, address themselves each one to his own allotted task and discharge it conscientiously.

Those German colonists abroad are the eyes and arms and tongues of the monster organism of which the brain-centre is Berlin. They endeavoured to stir up dissension between class and class in Russia, France, Britain, Belgium, to plant suspicion in the breast of Bulgaria and Roumania, to create a prussophile atmosphere in Greece, Switzerland and Sweden, and to bring pressure to bear on the Government of the United States in the hope of fomenting discord between the American and British peoples. They have occupied posts of influence in the Vatican, are devoted to the Moslem Caliph, cultivate friendship with the Senussi and the ex-Khedive of Egypt, are intriguing with the Negus of Abyssinia, and spreading lying rumours, false news and vile



calumnies throughout the world. During the years that passed between the war of 1870 and the outbreak of the present European struggle, that stupendous organism contrived by those and kindred means to possess itself of the principal strongholds of international opinion and influence, the centres of the chief religions, the press, the exchanges, the world's "key industries," the great marts of commerce and the banks. It has friends at every Court, in every Cabinet, in every European Parliament, and its agents are alert and active in every branch of the administration of foreign lands. And while suppleness marked their dealings with others, they were inflexible only in their fidelity to the Teuton cause. Thus in Russia they were conservative and autocratic in their intercourse with the ruling spheres, and revolutionary in their relations with the Socialists and working classes; in France and Britain they were democrats and pacifists; in Italy they were rabid nationalists or neutralists according to the political sentiments of their environment; in Turkey, Morocco, Egypt and Persia staunch friends of Islam. They intrigued against dynasties, conspired against cabinets, reviled influential publicists, fostered strikes and tumults, set political parties and entire states by the ears, dispelled grounded suspicions and armed various bands of incendiaries and assassins.

But in spite of clogged dice and poisoned weapons, the comprehensive way in which the enterprise was conceived, the consummate skill with which it was wrought out towards a satisfactory issue, the whole-heartedness of the nation which, although animated by a fiery patriotism that fuses all parties and

## 6      OURSELVES AND GERMANY

classes into one, is yet governed with military discipline, offer a wide field for imitation and emulation. For the changes brought about by the first phases of the war are but fruits of seed sown years ago and tended ever since with unflinching care, and unless suitable implements, willing hands and combined energies are employed in digging them up and casting them to the winds, the second crop may prove even more bitter than the first.

## CHAPTER II

### THE GERMAN SYSTEM OF PREPARATION

ON the historic third of August when war was formally declared, its nature was as little understood by the Allies as had been its imminence. The statesmen who had to full-front its manifestations were those who had persistently refused to believe in its possibility, and who had no inkling of its nature and momentousness. Most of them, judging other peoples by their own, had formed a high opinion of the character of the German nation and of the pacific intentions of its Government, and continued to ground their policy in war time on this generous estimate, which even when upset by subsequent experience still seems to linger on in a subconscious but not in-operative state. At first their preparations to meet the emergency hardly went beyond the expedients to which they would have resorted for any ordinary campaign. In this they resembled a sea-captain who should make ready to encounter a gale when his ship was threatened by a typhoon. Hence their unco-ordinated efforts, their chivalrous treatment of a dastardly foe, their high-minded refusal to credit the circumstantial stories of sickening savagery emanating first from Belgium and then from France, their gentle remonstrances with the enemy, their carefully worded arguments, their generous understatement of their

country's case, and their suppression of any emotion among their own folk akin to hatred or passion. In an insular people for whom peace was an ideal, neighbourliness a sacred duty, and the psychology of foreign nations a sealed book, this way of reading the bearings of the new situation and adjusting them to the nation's requirements was natural and fateful.

To the few private individuals who had the advantage of experience and were gifted with political vision the crisis presented itself under a different aspect. Some of them had foreseen and foretold the war, basing their forecast on the obvious policy of the German Government and on the overt strivings of the German nation. They had depicted that nation as intellectual and enterprising, abundantly equipped with all the requisites for an exhausting contest, fired with enthusiasm for a single idea—the subjugation of the world—and devoid of ethical scruple. And in the clarion's blast which suddenly resounded on the pacific air they recognized the trump of doom for Teuton Kultur or European civilization, and proclaimed the utter inadequacy of ordinary methods to put down this titanic rebellion against the human race. That has been the gist of every opinion and suggestion on the subject put forward by the writer of these lines since the outbreak of the war.

But even without these repeated warnings it should have been clear that a carefully calculating people like the Germans, in whom the gift of organizing is inborn and solicitude for detail is a passion, would not embark on a preventive war without having first established a just proportion between their own equipment

for the struggle and the magnitude of the issues dependent on its outcome. It was, further, reasonable to assume that this was no mere onset of army against army and navy against navy according to the old rules of the game, but a mobilization by the two military empires of all their resources—military, naval, financial, economic, industrial, scientific and journalistic—to be utilized to the fullest for the destruction of the Entente group. It was also easy to discern that, whichever side was worsted, the Europe which had witnessed the beginning of the conflict would be transfigured at its close, and that Germany would, therefore, not allow her freedom of action in conducting the war to be cramped by sentimental respect for the checks and restraints of a political system that was already dead. Lastly, it might readily be inferred that the huge resources hoarded up by the enemy during forty years of preparation would be centupled in value by the favourable conditions which rendered them capable of being co-ordinated and directed by a single will to the attainment of a single end. All these previsions, warranted then by unmistakable tokens, have since been justified by historic events, and it is to be hoped that the practical conclusions to which they point may sink into the minds of the allied nations as well as of their Governments, now that nearly two years have gone by since they were first expressed.

The earliest impression which German mobilization left upon the Allies was that of the preventive character of this war. For it could have had no other mainspring than a resolve to paralyse the arm of the Entente, which, if

allowed to wax stronger, might smite in lieu of being smitten. For the moment, however, Germany was neither attacked nor menaced. Far from that, her rivals were vying with each other in their strivings to maintain peace. Her condition was prosperous, her industries thriving, her colonial possessions had recently been greatly increased, her influence on the affairs of the world was unquestioned, her citizens were materially well-to-do, her workmen were highly paid, her capitalists, seconding her statesmen and diplomatists, had, with gold extracted from France, Britain and Belgium, woven a vast net in the fine meshes of which most of the nations of Europe, Asia and America were being insensibly trammelled. Already her bankers handled the finances, regulated the industries and influenced the politics of those tributary peoples. And by these tactics a relationship was established between Germany and most states of the globe which cut deep into the destinies of these and is become an abiding factor of the present contest. For that reason, and also because of the paramount influence of the economic factor on the results of the struggle, they are well worth studying.

To her superior breadth of outlook, marvellous organizing powers, the hearty co-operation between rulers and people, and the ease with which, unhampered by parliamentary opposition, her Government was enabled to place a single aim at the head and front of its national policy, Germany is perhaps more deeply indebted for her successes during the first phases of the campaign than to the strategy of Hindenburg or the furious onslaughts of Mackensen. German diplomacy has been ridi-

culed for its glaring blunders, and German statesmanship discredited for its cynical contempt of others' rights and its own moral obligations. And gauged by our ethical standards the blame incurred was richly deserved. But we are apt to forget that German diplomacy has two distinct aspects—the professional and the economic—and that where the one failed the other triumphed. And if success be nine-tenths of justification, as the Prussian doctrine teaches, the statesmen who preside over the destinies of the Teutonic peoples have little to fear in the way of strictures from their domestic critics. For they left nothing to chance that could be ensured by effort. Trade, commerce, finances, journalism, science, religion, the advantages to be had by royal marriages, by the elevation of German princes to the thrones of the lesser states, had all been calculated with as much care and precision as the choice of sites in foreign countries for the erection of concrete emplacements for their monster guns. No detail seemed too trivial for the bestowal of conscientious labour, if it promised a possible return. When in doubt whether it was worth while to make an effort for some object of no immediate interest to the Fatherland the German invariably decided that the thing should be done. "You never can tell," he argued, "when or how it may prove useful." For years one firm of motor-car makers turned out vehicles with holes, the object of which no one could guess until the needs of the war revealed them as receptacles for light machine-guns.

Nearly two years of an unparalleled struggle between certain isolated forces of the Allies and all the combined resources of the Teutons

ought to banish the notion that the results achieved are the fruits only of Germany's military and naval efficiency. In truth, the adequacy of her military and naval forces constitutes but an integral part of a much vaster system. It has hitherto been the fashion among British and French writers to dwell exclusively on the comprehensiveness of the measures adopted by the Germans to fashion their land and sea defences into destructive implements of enormous striking power and scientific precision. But the German conception of the enterprise was immeasurably more grandiose. It included every means of offence and defence actually available or yet to be devised, and testifies to a grasp of the nature of the problem which, so far as one can judge, has not even yet been attained outside the Fatherland. As the present situation and its coming developments present themselves as practical corollaries of causes which the leaders of Germany rendered operative, it may not be amiss to describe these briefly.

The objective being the subjugation of Europe to Teutonic sway, the execution of the plan was attempted by two different sets of measures, each of which supplemented the other: military and naval efficiency on the one hand and pacific interpenetration on the other. The former has been often and adequately described; the latter has not yet attracted the degree of attention it merits. For one thing, it was unostentatious and invariably tinged with the colour of legitimate trade and industry. Practically every country in Europe, and many lands beyond the seas, were covered with networks of economic relations which, without being always emanations



of the governmental brain, were never devoid of a definite political purpose. While Great Britain, and in a lesser degree France, distracted by parliamentary strife or intent on domestic reforms, left trade and commerce to private initiative and the law of supply and demand, the German Government watched over all big commercial transactions, interwove them with political interests, and regarded every mark invested in a foreign country not merely as capital bringing in interest in the ordinary way, but also as political seed bearing fruit to be ingathered when *Der Tag* should dawn. Thus France and Britain advanced loans to various countries—to Greece, for instance—at lower rates of interest than the credit of those states warranted, but they bargained for no political gain in return. Germany, on the contrary, insisted on every such transaction being paid in political or economic advantages as well as pecuniary returns. And by these means she tied the hands of most European nations with bonds twisted of strands which they themselves were foolish enough to supply. Italy, Russia, Turkey, Roumania, Bulgaria, Greece, Belgium and the Scandinavian States are all instructive instances of this plan. Bankers and their staffs, directors of works and factories, agents of shipping companies, commercial travellers, German colonies in various foreign cities, military instructors to foreign armies, schools and schoolmasters abroad, heads of commercial houses in the different capitals, were all so many agencies toiling ceaselessly for the same purpose. The effect of their manœuvres was to extract from all those countries the wealth needed for their subju-

gation. One of the most astounding instances of the success of these hardy manipulations is afforded by the Banca Commerciale of Italy, which was a thoroughly German concern, holding in its hands most of the financial establishments, trades and industries of Italy. This all-powerful institution possessed in 1914 a capital of £6,240,000 of which 63 per cent. was subscribed by Italian shareholders, 20 per cent. by Swiss, 14 per cent. by French, and only  $2\frac{1}{2}$  per cent. by Germans and Austrians combined! And the astounding exertions put forward by the Germans during the first twelvemonth of the war are largely the product of the economic energies which this line of action enabled them to store up during the years of peace and preparation.

The execution of those grandiose schemes was facilitated by the easy access which Germany had to the principal markets of the globe. One of the main objects of her diplomacy had been to break down the tariff barriers which would have reserved to the great trading empires the main fruits of their own labour and enterprise. By the Treaty of Frankfort the French had been compelled to confer on Germany the most-favoured-nation clause, thus entitling her to enjoy all the tariff reductions which the Republic might accord to those countries with which it was on the most amicable terms. British free trade opened wide the portals of the world's greatest empire to a deluge of Teuton wares and to a kind of competition which contrasted with fair play in a degree similar to that which now obtains between German methods of warfare and our own. Russia, at first insensible to suasion and rebellious to threats, endeavoured to bar the

way to the economic flood on her western frontiers, but during the stress of the Japanese war she chose the lesser of two evils and yielded. The concessions then made by my friend, the late Count Witte, to the German Chancellor, drained the Tsardom of enormous sums of money and rendered it a tributary to the Teuton. But it did much more. It supplied Germany with a satisfactory type of commercial treaty which she easily imposed upon other nations. Germany's road through Italy was traced by the mistaken policy of the French Government which, by a systematic endeavour to depreciate Italian consols and other securities, drove Crispi to Berlin, where his suit for help was heard, the Banca Commerciale conceived, and commercial arrangements concluded which opened the door to the influx of German wares, men and political ideals.

A few years sufficed for the fruits of this generous hospitality to reveal themselves. The influx of wealth and the increased population helped to render the German army a match for the combined land forces of her rivals, a formidable navy was created, which ranked immediately after that of Great Britain, and a large part of Europe was so closely associated with, and dependent on, Germany that an extension of the Zollverein was talked of in the Fatherland, and a league of European brotherhood advocated by the day-dreamers of France and Britain. The French, however, never ceased to chafe at the commercial chain forged by the Treaty of Frankfort, but were powerless to break it, while the British lavished tributes of praise and admiration on Germany's enterprise, and construed it as a pledge of peace.

Russia, alive to the danger, at last summoned up courage to remove it, and had already decided to refuse to extend the term of the ruinous commercial treaty, even though the alternative were war. That was the danger which stimulated the final efforts of the Kaiser's Government.

Thus the entire political history of Entente diplomacy during this war may be summarized as a series of attempts on the part of the Allies to undo some of the effects of the master-strokes executed by Germany during the years of abundance which she owed to the favoured-nation clause, British free trade and kindred economic concessions. Interpenetration is the term by which the process has been known ever since Count Witte essayed it in Manchuria and China.

The German procedure was simple, yet effective withal. Funds were borrowed mainly in France, Britain, Belgium, where investors are often timid and bankers are unenterprising. And then operations were begun. The first aim pursued and attained was to acquire control of the foreign trade of the country experimented on. With this object in view banks of credit were established which lavished on German traders every help, information and encouragement. Men of Teuton nationality settled in the land as heads of firms, as clerks without salary, private secretaries, foremen, correspondents, and rapidly contrived to get command of the main arteries of the economic organism. German manufactures soon flooded the country, because those who undertook to import them could count on extensive credit from the institutions founded with the money of the very nations whose trade they were

engaged in killing. In this way the competition, not only of all Entente peoples but also of the natives of the country experimented on, was systematically choked. And the customers of these banks, natives as well as Teutons, became apostles of German influence.

Insensibly the great industrial concerns of the place passed into the possession of German banks, behind which stood the German empire. A nucleus of influential business people, having been thus equipped for action, incessantly propagated the German political faith. German schools were established and subsidized by the *Deutscher Schulverein*, clubs opened, musical societies formed, and newspapers supported or founded, to consolidate the achievements of the financiers. On political circles, especially in constitutional lands, the influence of this Teutonic phalanx was profound and lasting.

In all these commercial and industrial enterprises undertaken abroad for economic gain and political influence, the German State, its organs and the individual firms, went hand in hand, supplementing each other's endeavours. The maxim they adopted was that of their military commanders: to advance separately but to attack in combination. Not only the Consul, but the Ambassador; the Minister, the Scholar, the Statesman, nay the Kaiser<sup>1</sup> himself, were the inspirers, the partners, the backers of the German merchant. Marschall von Bieberstein once told me in Constantinople that his functions were those of a super-commercial traveller rather than ambassadorial. And he discharged them with efficiency. Laws

<sup>1</sup> The Kaiser is one of the largest shareholders in the great mercury mines of Italy.

and railway tariffs at home, diplomatic facilities and valuable information abroad smoothed the way of the Teuton trader. Berlin rightly gauged the worth of this pacific interpenetration at a time when Britons were laughing it to scorn as a ludicrous freak of grandmotherly government. To-day its results stand out in relief as barriers to the progress of the Allies in the conduct of the war.

Of this ingenious way of enslaving foreign nations unknown to themselves, Italy's experience offers us an instructive illustration. The headquarters of the German commercial army in that realm were the offices of the Banca Commerciale in Milan. This institution was founded under the auspices of the Berlin Foreign Office, with the co-operation of Herr Schwabach, head of the bank of Bleichröder. Employing the absurdly small capital of two hundred thousand pounds, not all of which was German, it worked its way at the cost of the Italian people into the vitals of the nation, and finally succeeded in obtaining the supreme direction of their foreign trade, national industries and finances, and in usurping a degree of political influence so durable that even the war is supposed to have only numbed it for a time.

Between the years 1895 and 1915 the capital of this institution had augmented to the sum of £6,240,000, of which Germany and Austria together held but  $2\frac{1}{2}$  per cent., while controlling all the operations of the Bank itself and of the trades and industries linked with it.

The Germans, as a Frenchman wittily remarked, are born with the mania of annexation. It runs in their blood. And it is not merely territory, or political influence, or the world's markets that they seek to appropriate.

Their appetite extends to everything in the present and future, nay, even in the past which they deem worth having. It is thus that they claim as their own most of Italy's great men, such as Dante, Giotto, Leonardo da Vinci, Botticelli, Galileo, and it is now asserted by a number of Teuton writers that Christ Himself came of a Teutonic stock.

German organisms, as well as German statesmen, display the same mania of annexation, and the Banks in especial give it free scope. German banks differ from French, British and Italian in the nature, extent and audacity of their operations. It was not always thus. Down to the war of 1870 their methods were old-fashioned, cautious and slow. From the year 1872 onward, however, they struck out a new and bold course of their own from which British and French experts boded speedy disaster. Private enterprises were turned into joint stock companies, the capital of prosperous undertakings was increased and gigantic operations were inaugurated. Between the years 1885 and 1889 the industrial values issued each year reached an average of 1,770 million francs; between 1890 and 1895 the average rose to 1,880 millions, and from 1896 to 1900 it was computed at 2,384 millions.<sup>1</sup>

Of all German financial institutions the most influential and prosperous is the Deutsche Bank. It has been aptly termed an empire within the empire. Its capital, 250 million francs, exceeds that of the Reichsbank by thirty millions. It is the first of the six great German banks, of which four are known as the "D" group, because the first letter of

<sup>1</sup> Cf. *L'Invasione tedesca in Italia*. Ezio M. Gray. Firenze.

their respective names is D: Deutsche Bank, Dresdner Bank, Disconto-Gesellschaft and Darmstadter Bank. The other two are the Schaffhausenscher Bankverein and the Berliner Handelsgesellschaft. The total capital of these six concerns amounts to 1,100 million francs.<sup>1</sup>

None of these houses is hampered by those rules, traditions or scruples which limit the activity of British joint stock banks. They are free to launch into speculations which, to the sober judgment of our own financiers, must seem wild and precarious, but to which success has affixed the hall-mark of approval. Each of the six banks is a centre of German home industries and also of the foreign transformations of these. To mention an industry is almost always to connote some one of the six. Before the war broke out one had but to gaze steadily at the beautiful façade of this or that Russian bank to discern the Lamia-like monster from the banks of the Spree. The famous firm of Krupps, for instance, had its affairs closely interwoven with those of the Berliner Disconto Gesellschaft, and was more than once rescued from bankruptcy by its timely assistance. Similar help was afforded to the celebrated firm of Bauer which is known throughout the world for its synthetical medicines. There were critical moments in its existence when it was confronted with ruin. The Bank extricated the firm from its difficulties, and the present dividend of 33 per cent. has justified its enterprise.

In this way the latter-day German banks upset all financial traditions, opened large credits to industries, smoothed the way for the spread of German commerce, killed foreign

<sup>1</sup> *Op. cit.*, p. 113.



competition and seconded the national policy of their Government. As an instance of the push and audacity of these modernized institutions, a master stroke of the Bank of Behrens and Sons of Hamburg may be mentioned: it bought up the entire coffee crop of Guatemala one year to the amazement of its rivals and netted a very large profit by the transaction.

Now as commerce is international and industry depends for its greatest successes upon exportation, it was inevitable that the up-to-date German banks should seek fields of activity abroad and aim at playing a commanding part in the world's commerce. And they tried and succeeded. For they alone instinctively divined the new spirit of the age, which may be termed co-operative and agglutinative. It was in virtue of this new idea that groups of States were leagued together by Germany in view of her projected war, and it is the same principle that impels her, before the conflict has yet been decided, to weld to herself as many tributary peoples as she may to assist her in the economic struggle which will be ushered in by peace. Germans first semiconsciously felt and now deliberately hold that in all departments of modern life, social, economic and political, our conception of quantities must undergo a radical change. The scale must be greatly enlarged. The unit of former times must give place to a group of units, to syndicates and trusts in commerce and industry, to trade unions in the labour world, to Customs-federations in international life. That this shifting of quantities is a correlate of the progress achieved in technical science and in means of communication, and also of the vastness of armies and navies and

of the aims of the world's foremost peoples, is since then become a truism, realized not only by the Germans but by all their allies.

For individual enterprise, as well as for national isolation, there is no room in the modern world. Isolation spells weakness and helplessness there. The lesser neutral States must of necessity become the clients of the Great Powers and pay a high price for the protection afforded them. Hence the maintenance of small nations on their present basis, with enormous colonies to exploit but without efficient means of defending them, forms no part of Germany's future programme. And the altruistic professions of the Entente which claims to be fighting for the rights of little States, whose idyllic existence it would fain perpetuate, is scoffed at by the Teutons as chimerical or hypocritical. When this war is over, whatever its upshot, Central Europe with or without the non-German elements will have become a single unit, against whose combined industrial, commercial and military strivings no one European Power can successfully compete. And the difficulties which geographical situation has raised against effective co-operation among the Allies in war time will make themselves felt with increased force during the economic struggle which will then begin.

No mere tariff arrangement, but only a genuine league between all the west European Powers and the British Empire, supplemented by a customs union between them and the other Allies of the Entente, will then avail to ward off the new danger and establish some rough approach to the equilibrium which the present conflict has overthrown. The future destinies of Europe, as far as one may con-

jecture from the data available to-day, will depend largely on the insight of the Entente nations and their readiness to subordinate national aims and interests to those of the larger unit which will be the inevitable product of the new order of things.

The ideal type of the industrial bank having been thus wrought out, the Germans, whom a thoroughly commercial education had qualified for the work, carried on vast operations with a degree of boldness which was matched only by the thoroughness of their precautions. They advanced money with a readiness and an open-handedness which the West European financier set down as sheer folly, but which was the outcome of close study and careful deliberation. They began by acquainting themselves with the solvency of their clients, with the nature of the transactions which these were carrying on, with their business methods and individual abilities, and to the results of this preliminary examination they adjusted the extent of their financial assistance. They had secret inquiry offices to keep them constantly informed of the condition of the various firms and individuals, and when in doubt they demanded an insight into the books of the company which was seldom denied them. The Spanish Inquisition was but a clumsy agency in comparison with the perfect system evolved by these German banks, which could at any given moment sum up the prospects as well as the actual situation of each of their customers. It was this comprehensive survey which warranted some of the large advances they made to seemingly insolvent firms which afterwards grew to be the most prosperous in the Fatherland.

The methods thus practised at home were adhered to in all those foreign countries which the German financier, manufacturer or trader selected for his field of operations. A bank would be opened in the foreign capital with money advanced mainly by one of the six great financial institutions. It would be called by some high-sounding name, suggestive of the country experimented upon, and little by little the German capital would be diminished to a minimum and local capital substituted, but the supreme control kept zealously in the hands of the Teuton directors. Industries would then be financed and finally bought up. Others would also be financed but deliberately ruined. Competition would in this way be effectively killed, and little by little the life-juices of the country would be canalized to suit the requirements of German trade, industry and politics.

If an industry in the invaded country was judged capable of becoming subsidiary to some German industry, the Bank would maintain it for the purpose of amalgamating the two later on, or else having the foreign concern absorbed by the Teutonic. This was a labour of patriotism and profit. But if the business was recognized as a formidable rival to some German enterprise, it was doomed. The procedure in this case was simple. The Bank advanced money readily, tied the firm financially, rendering it wholly tributary; and then when the hour of destiny struck, the credit was suddenly withdrawn and the curtain rung up in the Bankruptcy Court. When this consummation became public, the unsuspecting foreigner would ask with naïve astonishment: "How can it be bankrupt? I understood that

Germans were financing it." They were, and it was precisely for that reason, and because it was on the way to prosperity as a rival to some German firm, that it was suffocated.<sup>1</sup>

This ingenious system proved exceptionally effective in Brazil. It has been said that that republic is become a dependency of Germany. What cannot be gainsaid is that about one-third of Brazil's national debt<sup>2</sup> is owing to German bankers, and the whole financial and industrial movement of the country is swayed by the Society of Colonization which is German, by the German Society for Mutual Protection, by the German-Brazilian Society and by the three Navigation Companies whose steamers ply between Brazil and the Fatherland.<sup>3</sup> It is because of the far-reaching power and influence which has accrued to Germany from this successful invasion that Professor Schmoller of the Berlin University could write: "It behoves us to desire at any and every cost that, by the next century, a German land of twenty or thirty million inhabitants shall arise in Southern Brazil. It is immaterial whether it remains part of Brazil or constitutes an independent State or enters into close relations with the German Empire. But without a connection guaranteed by battleships, without the possibility of Germany's armed intervention in Brazil, its future would be jeopardized."

It is the Monroe doctrine that is commonly credited with thwarting these designs on South America. But as a matter of plain fact, it is to the British Navy and to nothing else that the credit is due. Were it not for the known

<sup>1</sup> Cf. *L'Invasione tedesca in Italia*, pp. 118, 119.

<sup>2</sup> 1050 million francs. <sup>3</sup> *Op. cit.*, p. 120.

resolve of the British nation to co-operate in case of need with the American people in their exertions to uphold that doctrine against Germany, the Berlin Cabinet would long ago have formally established a firm footing in Southern Brazil and the United States Government would have been powerless to prevent it.<sup>1</sup>

<sup>1</sup> An instructive article on the subject by Mr. Moreton Frewen appeared in the *Nineteenth Century* of February, 1916.

## CHAPTER III

### GERMANY AND ITALIAN FINANCE

IT was in congruity with those principles and methods that the Banca Commerciale, which had its headquarters in Milan, set itself to discharge the complex functions of a financial, industrial, commercial and political agency of German interpenetration in Italy.

To German customers and those Italians who imported German goods, the Banca Commerciale allowed long credits and easy means of payment. To all who were in need of implements, machinery, or materials for a new enterprise, the bank "recommended" German houses, and those who were wise construed the "recommendation" as an ultimatum. For if it was ignored, their names were inscribed on the black books of the bank, and by means of an efficacious system of secret dossiers, handled by a confidential information bureau,<sup>1</sup> they found themselves thrust into a "credit vacuum," boycotted by finance and condemned to bankruptcy. All banks shunned them.

<sup>1</sup> This secret information bureau is everywhere a potent engine of attack in German hands. It renders deliberate libellers and defamers immune against the action of the law. The victims feel the effects but cannot point to the cause. The *fiches*, as the certificates are called, are couched in conventional terms and bear no signature. In the case of persons whom the bank desires to ruin, these documents are sentences of commercial death.

Their bonds became mere scraps of paper. Every enterprise to which they set their hands was blighted, and nothing remained for them but to abandon their avocations or surrender at discretion.

But besides this executive of destruction there was another and still more important board, whose work was wholly constructive. It was commonly known as the "service of information." Its functions were to collect at first hand all useful data about Italian commerce and industry, to draw up tabulated reports for the use of Germans at home engaged in trade and industry. These lists indicated current prices, the qualities of the goods in demand, the favourite ways of packing and consigning these, samples of manufactures, statistics of production, the addresses of all firms dealing with Italians—in a word, every kind of data calculated to enable German trade and industry to compete successfully with their rivals. The manner in which this body of information was drawn up, sifted, classified, and made accessible, deserves unstinted admiration. To say that commercial espionage was practised largely in the working of this comprehensive system is but another way of stating that it was German.

The Banca Commerciale, which was the head and centre of this organization, was, as a matter of course, called Italian. For every similar institution, commercial, journalistic or other, which has for its object the realization of the Teutonic plan of internationalization, invariably wears the mask of the nationality of the country in which it operates. And in this case the mask was supplied by Italians, on whom the bank bestowed all the highest



*honorary* posts, while reserving the influential ones for Germans and Austrians. Thus the moving spirits of this vast organization were Herrn Joel, Weil and Toeplitz, men of uncommon business capacity, who devoted all their time and energies to the attainment of the end in view. And their zeal, industry and ingenuity were rewarded by substantial results, which have left an abiding mark on Italian politics and entered for a great deal into the attitude of the nation towards the two groups of belligerents. In a relatively short span of time foreign competition in Italian markets was checked, German products ousted those of their rivals, and at last the very sources of Italy's economic life were in the hands of the Teuton, whose continued good-will became almost a vital necessity to the struggling nation.

Already in the year 1912 Germany stood first among Italy's customers, whether we consider the list of her exports or that of imports. Italy bought from that empire goods valued at 626,300,000 francs, and sold it produce worth 328,200,000 francs; whereas Great Britain, who supplies Italy with the bulk of her coal, exported only 577,100,000 francs worth, while her imports were valued at 264,400,000 francs. For France the figures were 289,600,000 and 222,600,000 francs respectively.

The method by which Italian industries were assailed, shaken, and then purchased and controlled by this redoubtable organization, bore, as we saw, all the marks of German commercial ethics. Sharp practice which recognizes as its only limitation the strong arm of the penal law, is a fair description of the plan of campaign. Against this insidious process none of the native enterprises had the strength to offer

effective resistance. One by one they were drawn into the vast net woven by the three German Fates—Joel, Weil and Toeplitz. The various iron, mechanical and shipbuilding works, which represented the germs from which native industries were to grow, were sucked into the Teuton maelstrom. The larger and the smaller steamship navigation companies likewise fell under the direction of the Banca Commerciale, which permitted some of them to exist and even to thrive up to a certain point, beyond which their usefulness to the general plan would have turned to harm. In this way Italy's entire mercantile marine became one of the numerous levers in the hands of the interpenetrating German. And the importance of this lever for political purposes can neither be gainsaid nor easily overstated.

In every little town and village which sends a quota of emigrants to the transatlantic liners, agents of the various steamship companies are always about and active. Being intelligent and enterprising, their influence on local politics is irresistible, and it was uniformly employed in those interests which it was the object of the Banca Commerciale to further. "This institution," writes an Italian expert, who has studied the subject with unusual care, "being the mistress of the dominant economic organisms of the nation, makes use of them to carry out a germanophile policy. It employs them for the purpose of exercising a directive action in all elections, commercial, provincial and general. Every servant of a steamship navigation company, every purveyor of emigrants is at the same time and by the very force of things an electoral agent. The position of arbitress and mistress of the steamship com-

panies carries with it possession of the keys of the national wealth, and is consequently a formidable weapon of aggressive competition against all industries, Italian and foreign, which are not affiliated to those of Germany. The Banca Commerciale, having obtained that supremacy, forced the Italian companies to lead a languishing existence in straitened circumstances, whereas they might easily have grown rich and flourishing. It permits our steamship companies to subsist and even to earn somewhat, but only just enough to suffice for the declaration of a modest dividend. That is why Italian navigation companies levy such excessive rates of freight, why their service is not organized in accordance with rational and latter day standards, why they take no thought of winning foreign markets or of national expansion.<sup>1</sup> They have no means of consigning merchandise at the domicile, so that the consignees are put to enormous expense for collection and delivery. And to make matters still worse, Italian navigation companies are bound with those of Germany by special secret conventions, which oblige them to abandon to their rivals certain kinds of merchandise of the Near and the Far East.”

If we examine the peculiarly Teuton ways of trade competition in their everyday guise, and without the glamour of political ideals to distract our attention, we are confronted with phenomena of a repulsive character. For the German's keen practical sense, his sustained concentration of effort on the furtherance of material interests, and his scorn of ethical restraints render him a formidable

<sup>1</sup> Cf. Preziosi, *La Germania a la Conquista dell' Italia*, p. 57 fol.

competitor in pacific pursuits and a dangerous enemy in war. His moral sense is not so much dulled by experience as warped by education. It may be likened to a clock which has not stopped but shows the wrong hour. He has been taught that there are times and circumstances when religious and ethical standards may or must be set aside, and he arrogates to himself the right of determining them. Without examining into stories of præternatural meanness and perfidy which have come into vogue since the outbreak of the war, it is fair to say that dirty tricks, destructive of all social intercourse, formed part of the German commercial procedure in France, Britain and Russia, the only proviso being that they were not penalized by the criminal law of the country.

An amusing but nowise edifying instance turns upon Paris fashions. That Berlin, like Vienna, should seek to vie with Paris in setting the fashion of feminine finery to the world is conceivable and legitimate. But that Germans should compete with Paris in Paris fashions connotes a psychological frame of mind which is better understood by the inmates of a prison than by a mercantile community. American ladies visiting the French capital to order their gowns are astonished to note that no fashions really new have been shown to them in the great Paris houses. They had just seen them all in the German capital. And the Paris models destined to be placed on the market next season turn out to be identical with those which the fair visitors had already inspected in Berlin and could have purchased there at a much lower price. How this could be is explained simply. A German merchant in continuous relations with the staffs of the Paris firms

clandestinely obtains from some of the members for a high price the models which are still being kept secret, has them copied in large numbers in Berlin and sold at a cheap price. True, the German workmanship lacks the dainty finish of the Paris article, but the difference is such as appeals only to the eye of a connoisseur.

In Italy similar phenomena were observed frequently. A firm in Florence celebrated for special types of wooden utensils which were never successfully imitated elsewhere was ruined by commercial espionage. One day the proprietor engaged the services of two foreign workmen who laboured hard and steadily for some time and then departed, to his great regret. Six months later Germany dumped on the Italian markets the very same articles in vast quantities, and at a price so low that the Italian firm could not hope to compete with them. At first, indeed, the Florence house made a valiant stand against the invasion, but had finally to give up the fight as hopeless. Later on the proprietor learned that the two honest-looking workmen were first-class German engineers, whose only objects in entering his service were to acquaint themselves with his methods, copy his models and then strangle his trade. And these objects they achieved to their satisfaction.<sup>1</sup>

Thus, in order to strangle concerns that compete with them successfully, the average German merchant sticks at nothing. His maxim is, that in trade as in all forms of the struggle for existence, necessity knows no law. And he is himself the judge of necessity. The history of German industry in Italy is full of

<sup>1</sup> *L'Invasione tedesca*, p. 147.

instructive examples of this disdain of moral checks, but one will suffice as a type. It turns upon the struggle which the Teuton invaders carried on against the Italian iron industry, which for a while held its own against all fair competition. In their own country, the German manufacturers sold girders at £6 10s. the ton. The profits made at this price enabled them to offer the same articles in Switzerland for £6, in Great Britain for £5 3s. and in Italy for £3 15s. Now, as the cost of production in Germany fluctuated between £4 5s. and £4 15s. per ton, it is evident that the dead loss incurred by the German manufacturers on Italian sales varied between 10s. and £1 per ton. But this sacrifice was offered up cheerfully because its object was the destruction of the growing iron industry of Northern Italy and the clearing of the ground for a German monopoly.<sup>1</sup> The spirit that animates the Teuton producer, in his capacity as rival, was clearly embodied by one of the principal manufacturers of aniline dyes in Frankfort, who remarked to an Italian business man: "I am ready to sell at a dead loss for ten years running rather than lose the Italian market, and if it were necessary I would give up for the purpose all the profits I have made during the past ten years."<sup>2</sup> To contend with any hope of success against men of this stamp, one should be imbued with qualities resembling their own. And of such a commercial equipment the business community of Great Britain have as yet shown no tokens.

In Italy the Banca Commerciale was wont to send to every firm, whether it had or had

<sup>1</sup> *L'Invasione tedesca in Italia*, p. 149.

<sup>2</sup> *Op. cit.*, p. 150.

not dealings with it, a tabulated list of questions to be answered in writing. The ostensible object was to obtain trustworthy materials to serve for the Annual Review of the economic movement in the country published every year by the Bank. In reality the ends achieved were far more important, as we may infer from the use to which all such information in France was put. There the well-known agency of Schimmelpfeng, which was in receipt of a subvention from the German Chamber of Commerce, was a centre of secret information respecting the solvency, the prospects, the debts and assets of every firm in France, and its tabulated information about French commerce and industry, together with all the knowledge that had been secretly gleaned, was duly sent to Berlin.

Russians complain somewhat tardily of the prevalence of the same system among themselves. "Every day," writes the *Novoye Vremya*, "fresh details are leaking out respecting a certain German firm, ideal in its resourcefulness, which succeeded in spreading a vast net over all Russia. It has been satisfactorily established that Germans occupied many responsible posts in the organization, and that these<sup>1</sup> officials were subjects of the German Empire. At the head of the entire business in Russia down to a recent date was also a German subject." The kind of information gathered by the agents of the company, "for business purposes," is clear from a circular issued by the firm just a fortnight before the outbreak of the war.

<sup>1</sup> It is an American Company for the sale of certain machines. The Russian organ mentions all the names. For my purpose this is unnecessary. The curious may find them in the *Novoye Vremya* of 5/18 August, 1915.

## THE FIRM OF XYZ

"Tula,

"5/18 July, 1914.

*"District Card for the Collectors of the Circuit.**"Form N 246.*

"We have forwarded you to-day a number of cards of the printed form N 246, which you are requested to have filled in at once and placed at the head of form 490 of the corresponding district. We draw your attention herewith to the necessity of enumerating on the first table of form N 246 all the villages and other places of the circuit of each district collector, whether or no they contain debtors of ours, and of stating in the second table the number of inhabitants. The registration is to be done by the official charged with that part of the work: each circuit is to be entered separately and the villages and places it contains to be given in alphabetical order. These lists are to be verified every six months and fresh information set out respecting the growing number of our debtors. We request you to take this work in hand at once and without delay.

"THE CONTROL DEPARTMENT, TULA."

When this circular was published in Moscow the general director of the firm wrote to certain provincial newspapers pointing out that the company is American, not German. "It is curious," a Russian journal remarks, "that an American firm should need a map containing all the villages and hamlets of the districts, with the number of their inhabitants, irrespective of the presence there of the company's debtors."<sup>1</sup>

<sup>1</sup> *Novoye Vremya*, 5/18 July, 1916.



## CHAPTER IV

### THE ANNEXATION MANIA

ANOTHER instructive example of the Annexation mania, as it displays itself in German commercial undertakings, comes to us from Russia.

It is only one of many, a typical instance of a recognized method. The Franco-Russian joint-stock company Provodnik is known throughout Europe. It manufactures tyres and other rubber wares. The capital, which amounted to only 700,000 roubles at the date of its foundation, in the year 1888, had increased to 22,000,000 by the time when war was declared. It is closely connected with another company named the Buffalo, which has its headquarters in Riga and was promoted by the President of the Provodnik, M. Wittenberg, together with several Austrian capitalists. M. Wittenberg is President of both companies, and the Provodnik has assisted the Buffalo on various occasions, even during the war, notwithstanding the fact that the shareholders of the Buffalo are mostly German subjects. On January 2, 1914, another company was created, this time in Berlin, and called the "German Provodnik." Now, according to the instructions laying down the rights of the Board (Par. 24), wares may not be delivered on credit to any firm or institution for the value of more than 50,000 roubles, and

not even to this amount unless the solvency of the recipient is beyond question.

In spite of this clearly marked limitation the Board of the Franco-Russian Provodnik, which exerted itself with unwonted zest to supply the German Provodnik with motor-tyres shortly before the war, opened a credit of 498,000 roubles in favour of this firm. The manager of the warehouses of the Riga products in New York is a German subject named Lindner. The managers in Zurich and Copenhagen are also German subjects.<sup>1</sup>

It is not to be wondered at that countries like Italy and Russia, poor in capital and industry, fell an easy prey to the ruthless German invader, who, with the help of British, French, and even Italian and Russian savings, suffocated the nascent industries of the respective nations, killed foreign competition, earned large profits, obtained control of the country's resources and an intimate knowledge of the political secrets of their respective Governments. "Many Germans," wrote an Italian Review,<sup>2</sup> "serving in Italian establishments are in possession of lists of the fortresses, measurements, distances, positions of the roads and footpaths, they have found the points of triangulation and acquired all requisite data and information about them. And to-morrow, should war break out, they will accompany and guide the German or Austrian invaders."

How keen they are to make themselves conversant with matters of political moment in the guise of honest workmen is becoming fairly well known to day, although it may be taken

<sup>1</sup> Their names are Johann Assman and Rudolf Meyer. Cf. *Novoye Vremya*, 11/24 August, 1915.

<sup>2</sup> *Rassegna Contemporanea*.

for granted that if peace were concluded tomorrow these same commercial spies would find hospitality among some of the easy-going merchants of Great Britain, who still refuse to believe in the obvious danger or to act upon their belief. In November 1912 the Italian Minister of the Marine called for tenders for the supply of silver dinner-plate for the war-ships. At the critical moment, when the decision was about to be taken, the German firm of Hermann, which has its headquarters in Vienna, reduced its offer first by 18 per cent., then by 20, and finally by 20·13 per cent. in order to get the order. For the order carried with it, for the representative of the firm, Herr Forster, *the permanent right of access to all naval arsenals of Italy*.<sup>1</sup>

The *narveté* of Italy in matters of this delicate nature stands out in jarring contrast to the habitual caution of that diplomatic nation, and has not yet been satisfactorily explained from the psychological point of view. One is puzzled to understand how, months after the present war had begun, the press of Genoa could announce that the supply of electric motors for the Italian marine and of ventilators for Italy's fortified places on her eastern frontier had been adjudicated to two German firms, on the ground that their tenders were the lowest.<sup>2</sup>

One of the largest automobile and motor works in the German Empire is the Benz and Rheinische Automobil und Motoren Fabrik Actien Gesellschaft of Mannheim. It supplies the Kaiser with his cars and has branches everywhere. In Italy, too, it exists and

<sup>1</sup> *L'Invasione tedesca in Italia*, p. 171.

<sup>2</sup> *Op. cit.*, p. 171.

flourishes. But there the great German firm is modestly disguised under the name of the Societ  Italianana Benz. And it is so modest that in spite of its gorgeous warehouse in the Via Flavia (Rome), of its luxurious head-office in the Via Finanze, of its well-equipped workshop for repairing and fitting and its little army of agents actively pushing the business all over Italy, its capital, all told, amounts only to 30,000 lire, or  1,000! The firm is managed by a German engineer whose kith and kin are fighting in the Kaiser's army. And this German engineer, Herr Matt, has free access to the Italian War Minister, even now,<sup>1</sup> when it is question of manufacturing projectiles; and he has continuous relations with the Italian Airmen's Brigade.

Electricity in Italy, together with all its auxiliary trades and industries, was, like every other lucrative enterprise, in the hands of Germans and German Swiss. The names of the various company directors had the usual familiar Teuton sound. When the European conflict broke out it seemed for a moment as if all these German concerns must come to a sudden and dire end. But just as the German engineer Herr Matt, whose relatives are officers in the Kaiser's army, has free access to the Italian War Minister and carries on his business in Italy as usual, so the electrical concerns had merely to change one or two adjectives in their trading names and were forthwith shielded from harm. A case in point which is valuable because typical occurred recently. The Italian Electro-technical Association published a list of the manufacturers of electric machines and

<sup>1</sup> Cf. *Idea Nazionale*. The words "even now" refer to November 22, 1915, and may be equally true to-day.

requisites in Italy, and by way of introduction set down the following patriotic remarks: "This list is addressed to those who at the present moment feel it to be their duty to uphold and encourage the production and development of materials for electricity. Importation from abroad, which we favoured when Italian industry was still in an embryonic stage, *degenerated especially in consequence of the action of the Germans*, into a veritable conquest of the markets; and no weapon, licit or illicit, was spurned to destroy our sources of production, and suffocate our nascent initiative."

These are pathetic words. They are calculated to appeal with force to the Italian who loves his country. But when one looks more closely into the list of Italian producers one is disappointed to find the same familiar names as before: <sup>1</sup> Allgemeine Electricitäts Gesellschaft, Thomson Houston, the Mannesmann Tubes Co., the Italian Brown Boveri Co., etc. The nationalist Italian press organ which first directed public attention to these German subtleties asks pertinently: "Were not and are not the real producers named in this list the same who were the prime movers in the deplorable foreign conquest of the Italian market?" <sup>2</sup>

The Banca Commerciale, which was admittedly an all-powerful German institution, and has the control, direct or indirect, of most of the industries, the silk manufacture, metallurgical and mechanical works of the country and of thirty-four electrical companies in Italy: which possess a capital of 434,000,000 francs

<sup>1</sup> Felix Deutsch, Karl Zander, Otto Joel, Karl von Siemens, Walter Boveri, Karl Kapp, etc.

<sup>2</sup> *L'Idea Nazionale*, September 8, 1915.

and produce energy equal to 940,000 h.p.: found itself in an unpleasant predicament as soon as the King of Italy declared war against Austria-Hungary. But Teuton resourcefulness solved the problem with ease and seeming thoroughness by inducing certain German officials on the board to resign and appointing as Italian director a gentleman known for his philo-Germanism. But the three creators of the bank were left: Herrn Joel, Toeplitz and Weil, and although it was affirmed solemnly that Joel was no longer the director but M. Fenoglio, it has been publicly proved that after the resignation of the former, the latter, before sending a *consignment of gold to Berlin*,<sup>1</sup> had to ask for and actually received the authorization of Herr Joel.<sup>2</sup>

The following brief summary of the companies and enterprises in which the Banca Commerciale is interested may enable the British reader to form an idea of its decisive influence on the economic and political life of the Italian nation: they include eighteen of the largest companies of textile industries; sixteen of the most important companies of chemical, electrical and kindred industries; six of the chief companies of alimentation; twenty-six transport companies; twenty-seven of the principal companies of mechanical industries and naval construction; six building companies; five of the chief mining companies; twenty-eight of the largest electrical companies; and twenty-two miscellaneous.<sup>3</sup>

Thus every artery and vein of the economic organism of Italy is swathed and pressed and

<sup>1</sup> On May 21, 1915.

<sup>2</sup> *L'Idea Nazionale*, November 8, 1915.

<sup>3</sup> *Giornale d'Italia*, November 17, 1915.

choked by this German isolator, which nobody dares to pull away. For if we turn from the economic to the political aspect of this curious phenomenon, we shall find that the companies enumerated give work to scores of thousands of operators and employees, through whose willing instrumentality they become vast electoral agencies. "It is obvious," we are authoritatively assured, "that the influence of such companies in administrative and political elections is put forth in congruity with the interests at stake, a circumstance which explains how it comes that many Italian politicians and representatives are, directly or otherwise, chained to the chariot of the Banca Commerciale and indirectly to that of Germany's policy."<sup>1</sup> In Italy the deputies are, with few exceptions, the humble servants of their constituents, and are powerless to shake themselves free from local influences. "It is easy to infer from this what efforts have to be made and what compromises must be acquiesced in by those deputies whose election depends on such institutions which, aware that money is more than ever the nerve of political contests, subscribe to the election expenses, and assure in this way the respectful gratitude of the parliamentary recipients of their benefactions. And all this is executed with order and discipline. Examples could be quoted and names mentioned."<sup>2</sup>

The unsuspected ways in which this remarkable organization destroys, constructs and draws its sustenance from its victims are a revelation. Imagine a few British bankers possessed of two hundred thousand pounds and conceiving the

<sup>1</sup> Cf. Preziosi, *La Germania a la Conquista dell' Italia*, p. 66.

<sup>2</sup> *Ibid.*, p. 67.

plan of wresting the economic markets of Italy from Britain's rivals, building up an all-powerful organization with Italian money, throttling Italian industries and commerce with the help of Italian agents paid for the purpose out of the hard-earned savings of the Italian people, and then yoking the national policy to the interests of Great Britain. One would laugh to scorn such a mad scheme, and set down its authors as wild visionaries. Yet that was the programme of the little band of audacious Germans who conceived the design of teutonizing Italy. And they had almost realized it when the war broke out. Even the halfpence scraped together by poor emigrants and half-starved Sicilian working-men were diverted from the savings banks into banks of German origin, two of which held four hundred million francs of the nation's economies a few months ago.

It was not to be expected that the domain of foreign politics should long escape the notice or be spared the experiments of this all-absorbing organization. What excites our wonder are the superiority of its method and the completeness of its success. To the thinking of Germany's leaders international politics and foreign trade are correlates. In the Near East, where so many of Italy's interests are now concentrated, the Societa Commerciale d'Oriente of Constantinople, being one of the agencies of the Banca Commerciale, was also one of the canals through which this influence passed. Under the Italian flag and with the co-operation of Italian diplomacy, that "little business" of Germany was conscientiously transacted which consisted in the adaptation and employment of Italian expansion as an instrument for Teutonic interpenetration.



Whithersoever we turn our gaze we discern, lurking under the comely vesture of Italy, the clumsy form of the Teuton. It is amusing to reflect that the recent railway concessions in Asia Minor, for which Italian statesmen laboured so hard and so long, went in reality to the Banca Commerciale, which is but a roundabout way of saying to Germany. And in order to win their suit and have those advantages conferred on "Italy," King Victor's Government agreed to renounce their claims for the reimbursement of the expenses incurred during the administration of the occupied Turkish islands. This sacrifice meant tens of millions of francs, kept from the pockets of Italian taxpayers and handed over to the German bankers, who spent them in promoting anti-Italian projects. The Bank of Albania was also conceived originally as an organ of German propaganda, and was pushed forward by the same set of agents who induced the Italian Government to employ them as its own.

In those ways the seemingly modest little bank scheme which Friedrich Weil with Crispi's help initiated in 1890, grew until it acquired the influence of a State within the State. And then it began to discharge functions unique in the history of the banking world. Its employees became diplomatists and statesmen at a moment's notice, ended wars, and drafted treaties. The Banca Commerciale put a stop to the campaign against Turkey which was a thorn in the side of Teutonism and settled the terms of peace in accordance with its own judgment. It was not an ambassador or a minister who opened the pourparlers in Stamboul and continued them at Ouchy, but an

agent of the Banca Commerciale. It was that same agent who immediately afterwards, in concert with colleagues of his bank, negotiated the treaty, reporting by telegraph to the headquarters of the bank in Milan every important conversation he had with the Turkish delegates.<sup>1</sup> At a later date important conversations between the British Foreign Office and the Consulta were entered into in the name and for the alleged interests of Italy, but the principal part in the drawing up of the terms of the settlement arrived at was taken by Signor Nogara of the Societa Commerciale d'Oriente,—the company which the concessions demanded were destined to benefit. In fine, the parasite had thus become almost equal in power to the body on which it battered.

A well-known politician and member of the Italian Legislature, Di Cesaró, narrated the following curious incident in a public speech delivered on March 17, 1915: "An Italian Admiral, having had the audacity to request the immediate delivery of an order for arms manufactured by the works which are under the control of the Banca Commerciale, was relieved of his functions within twenty-four hours, and his place was taken by another Admiral, who by chance happened to be the brother of one of the negotiators of the Italo-Turkish Peace of Ouchy." And as we saw, the negotiators of that peace were officials of the Banca Commerciale. An authority on the subject<sup>2</sup> wrote: "For many years the Banca Commerciale has contrived, directly or indirectly, according to circumstances, to take a hand

<sup>1</sup> Signor Preziosi gives the names of those agents as MM. Volpi, Bertolini and Nogara (*op. cit.*, p. 71).

<sup>2</sup> Professor Bondi, ex-Questor of Milan.

in the formation of various ministries. . . . As a matter of fact, on its governing board there are seven senators, many deputies, and a numerous host of political notabilities. It has its tentacles everywhere, high up and low down, in Italy and abroad, in peace time and in war time, when our native land is elated with good fortune and when it is cast down with bad. Its hand lies heavy upon everything and everybody. It is the arbitress in the choice of good and evil and is under no obligation to render an account of its doings to any one. . . . In war time we are certain to feel greatly hampered by the meshes of such a firmly woven net.”<sup>1</sup> This anticipation has since come true.

Like the vampire that soothes its victim while drawing its life-blood, the parasitic German organism cast a spell over influential Italians of the community and imparted to them a feeling that things were going well with themselves and their country. Money passed from hand to hand. Labour found remunerative employment. Towns in decay were galvanized into new life. And all Italy was grateful. Milan, the “moral capital” of the kingdom, where a couple of decades before the name of Germany was execrated, became itself very largely Teutonic and was dominated by a rich and flourishing German colony. Venice, Genoa, Rome, Florence, Naples, Palermo and Torino, leavened in the same plentiful degree with pushing subjects of the Kaiser, turned towards Berlin as the sunflower towards the orb of day.

Against Austria, Italians might write and

<sup>1</sup> Rivelazioni postume alle Memorie di un questore, 1918. Cf. Preziosi, *La Germania a la Conquista dell' Italia*, p. 75 ff.

talk to their hearts' content, but towards Germany feelings of respect verging on awe and of gratitude bordering on genuine friendship were cherished by every institution and leading individual in the kingdom. And when the hour struck to wrench Italy from that monster vampire, the task was so arduous and fraught with such danger that no Cabinet without the insistent encouragement of the whole nation would have attempted it. The policy of every Foreign Secretary was and still is dominated by this unnatural relationship to the Teuton, and it came at last to be acknowledged as a political dogma that Germany must in no case be confounded with Austria. Indeed, it is fair to assert that the governing circles of both countries held and hold that nothing should be allowed to mar these friendly feelings, not even the circumstance that Germany as Austria's ally is bound to stand by her during the war. Hence when the friction between Italy and Austria was growing dangerous, Germany was ready with two expedients for keeping her friendly intercourse with the former country intact. She first assumed the rôle of umpire between them, endeavouring to beat down the demands of the one while spurring on the other to a higher degree of liberality, and when her well-laid and skilfully executed plan unexpectedly failed, in consequence of the interposition of a *deus ex machina*, she produced a draft treaty, complete in all details, which was to rob war between Italy and herself, if circumstances should render it unavoidable, of all its frightfulness and savagery. The two nations virtually said to one another: "Whatever else we may do, we shall steer

clear of mutual hostilities to the best of our ability. But as the action and reaction of alliances may thwart our efforts and force us into war against each other, we hereby undertake that that war shall be but a simulacrum of the struggle that we are at present waging against all our other adversaries. We shall respect each other's property religiously, for we shall both stand in need of each other when the exhausting struggle is ended and the wounds it inflicted have to be dressed and healed. We Germans have invested thousands of millions of francs in Italy, the one foreign country for which we feel genuine affection. You Italians have thriven on our commercial and industrial enterprise. Spare our property now and you shall not rue your self-containment. After the war the Entente people will shun us as lepers, and our only hope of finding outlets for our commerce is through the neutral States. Now, of all the European Great Powers, Italy is the only one qualified to render us great services of this nature. And she will be glad of a partner whose help is free from the alloy of jealousy or hostility. For our interests do not clash, whereas those of Italy and the Entente Powers never can run parallel. In the Adriatic she will find the Slavs pitted against her, in Asia Minor the Russians, French, British, Greeks, and in the Eastern Mediterranean the three last-named States. But at no point does Germany cross her path. Our common hope in the future is based on our experience of the past. It is knowledge rather than trust. We Germans succeeded in laying the foundations of your economic strength. And now that Austria's rivalry

has ceased, we will contribute to your political growth. With the help of our organizing talent you will become the France of the future. Your population is already well-nigh equal to that of the Republic. In ten years it will be more numerous, and will still go on increasing. Tunis has been built up by Italian toil. Nature has assigned the Mediterranean to Italy as her natural domain. The overlordship of the Midland Sea is yours by right, and in co-partnership with us you shall assert and enforce this right. Mind your steps, therefore, in performing the difficult egg dance which the European War may impose on us both. You are not, cannot be, friends of France, closely though you are related by blood. Neither can the French become our friends. Therefore you and we are natural allies, as your far-sighted politicians like Crispi perceived. Even Sonnino sees that and acknowledges it. The one political idea of his life was to solder Italy firmly to Germany. And that is still the desire of your aristocracy. Fight with Austria, if you must, but Italy and Germany must not become armed enemies."

Nearly two milliards of francs of German money are invested in commercial and industrial enterprises and immovable property in Italy, besides the value of ships detained at Italian ports, some of which have cargoes valued at several million francs. The Kaiser is himself the largest shareholder in the Italian mercury mines of Monte Amiata, his Foreign Secretary, von Jagow, is another. And they are resolved not to relinquish their hold. That Prince von Buelow should move every lever to save this precious pledge was

natural, and that Italian statesmen with their germanophile leanings should readily fall in with his scheme is not to be wondered at. The Kaiser's ambassador proposed that in the case of war each contracting party should respect the property of the other. This formula sounds decorous. Its meaning is profound. A treaty embodying these stipulations was agreed to and secretly signed by Prince von Buelow and Baron Sidney Sonnino, whose admiration for Germany embodied itself in all the more important acts of his political career. This transaction, which the Italian Government wisely refrained from publishing, was announced by the Germans for reasons of their own. The impression produced by this display of eclectic affinities so pronounced that even the world's most ruthless war could not impair them was considerable. And it would have been heightened if the alleged and credible fact had also been divulged that the diplomatic instrument was ratified when Italy had already decided upon war with Austria-Hungary. Between Italy and Germany stands a bridge which both peoples are resolved to keep intact at all costs. Against the facts it is useless to argue.

The struggle between Germany and Italy, therefore, should it ever break out, would differ not merely in degree, but also, one may take it, in kind, from the lawless and ruthless savagery which characterizes the warfare of the Teutons against the Entente Powers. A civilizing mute would deaden the resonance of bestial passion; and even private property—in especial that of Germany—would be safe from confiscation and wanton destruction, and when peace is restored the

rich mercury mines of Italy will again belong to the Kaiser and his advisers. Last summer<sup>1</sup> a series of private meetings was held for three days running in Switzerland, at which Germans of high standing took part, for the purpose of dealing with German capital in Italy and safeguarding it during the war. At one of the sittings it was computed that about two milliards of francs belonging to German subjects are buried in Italian undertakings or in house or landed property.

In November 1915 the Italian Government publicly applied one of the provisions of the secret treaty in favour of Germany. At that moment it was deemed necessary to commandeer German ships in Italian ports for the service of the navy and the mercantile marine. Had it been a question of Austrian vessels they would have been seized and utilized without any such precautions. In virtue of § 4 of the Treaty the Italian authorities undertook to pay a monthly sum to the German owners for the use of their steamers. That clause lays it down that the two contracting states shall respect the enactment made by the concluding section of Article VI of the Hague Convention concerning the treatment of enemy merchant vessels.

This treaty, then, is no mere scrap of paper. It is a strong bridge spanning the chasm between Italo-German friendship in the past and Italo-German friendship after the war. To take due note of this and of like symptoms of the coming readjustment of political and economic forces is one of the primary duties of Entente statesmanship which one piously hopes are being efficiently discharged.

<sup>1</sup> 1915.



## CHAPTER V

### GERMANY AND RUSSIA

TURNING to our other ally, Russia, we find that she underwent a course of treatment similar to that which well-nigh prussianized Italy. In the Tsardom the task was especially easy owing largely to the advantages offered to Teutonic immigrants from the days of yore, to the German-speaking inhabitants of the Baltic provinces, to the proselytizing German schools which flourish in Petrograd, Moscow, Odessa, Kieff, Saratoff, Simbirsk, Tiflis, Warsaw and other centres, to German colonies scattered over Russia and to religious sects. During the Manchurian campaign the Commercial Treaty drafted in Berlin, and at first denounced by Count Witte as ruinous to his country, was agreed to and signed.<sup>1</sup> It was Hobson's choice. After that the empire, which had already been a favourite and fruitful field for Germany's experiments, became one of the most copious sources of her national prosperity. Commercial push and political espionage were so thoroughly fused that no line of demarcation remained visible.

Russia's losses were proportionate and at the time were computed at 35,000,000 marks a year. In the Tsardom the imposition of this tribute was resented. By the Teutons their

<sup>1</sup> In June 1904.

economic victory was followed by political influence. Their agents and spies abounded everywhere. Time passed, and as relations between the two empires grew tenser, the danger defined itself in sharper outline to the eyes of Russian statesmen, who resolved, however, to postpone remedial measures until the day should come for the discussion of the renewal of the Commercial Treaty. The knowledge that Russia would refuse either to prolong that one-sided arrangement or to make another like it, and that the consequences of this refusal would be disastrous to Germany's economic and financial position, stimulated German statesmen to bring matters to a head before Russia could back her recalcitrance with a reorganized army, and was one of the contributory causes of the European struggle.

Since then the war has flashed a brilliant light on the dark places of German intrigue, and some of the sights revealed are hardly credible. Whithersoever one turns one is confronted with the same striking phenomenon; the preponderant influence wielded in almost every walk of life, private and public, by institutions and individuals who in some open or clandestine way are under German tutelage. In the sphere of economics this is particularly noticeable. Three-fourths of Russia's foreign trade was in German hands. Dealings between Russians and foreigners were transacted chiefly through Germany. Imports and exports passed principally through German offices, established throughout the length and breadth of the Tsardom, and commercial dealings were conducted by merchants in Berlin, Hamburg, Königsberg, Leipzig, and

other centres of the Fatherland. Merchandise was carried in and out of the country by German railway lines, or to German ports in German bottoms. Even American cotton and Australian wool and tallow were disposed of in Russia by German middlemen who had them conveyed in German steamers. On the other hand, Russian corn, sugar, spirits, were taken to Europe by German transport firms. Intending Russian emigrants were sought out by agents of German steamship companies, sent to German ports and accommodated on German steamers. In brief, whenever the Tsar's subjects had anything to sell to the foreigner or to buy from him, their first step was to go in search of a German, through whom the sale or purchase might be effected.

In domestic economics the same phenomenon was everywhere noticeable. To a Russian's success in almost any commercial or industrial venture, the co-operation of the German was an indispensable condition. Individual enterprise might sow and governmental legislation might water, but it was German goodwill that vouchsafed the fruit. Wherever Russian industry showed its head, Germans flocked thither to take the concern in hand, regulate its growth, and co-ordinate its effects with those of other industries which were under the patronage of German banks. It was in vain that Witte and his fellow workers threw up barriers that seemed impassable to German enterprise. They were turned with ease and rapidity. Thus in order to protect the textile industries of Moscow, prohibitive tariffs were levied on textile fabrics of German origin. But the irrepressible Teuton crossed the frontier, established his factories in Poland, founded

the German-Jewish town of Lodz, and snapped his fingers at the Government of the Tsar. And forthwith Lodz assumed all the characteristics of a German city. German schools flourished there, German agents abounded, German became the recognized language, and permission was at one time given to German reserves there, to undergo their periodic term of military drill for the Kaiser's army!

Of the three Entente Powers challenged by Germany in 1914, Russia was therefore by far the worst equipped for the unwonted effort which the European War demanded of each. For her liberty of action, and, in some cases, even her liberty of choice, was hampered by the financial, economic, and political network which Germany had slowly and almost imperceptibly woven over the entire population. In the fine meshes of this net several organs of national life were caught, immobilized and connected with the Fatherland. And it was not until they strove to move and discharge their functions on behalf of the Russian nation that they became fully conscious of their plight. German intrigue and subterranean scheming, under the mask of sympathy—now for the autocracy, now for socialism—had effected far-reaching changes in the Empire, which few even among observant politicians appear to have realized. These innovations were embodied in the thraldom of Russian banks to German financial institutions; in the splendid organization which kept old German colonies that were scattered over the Empire in touch with each other, and coordinated their action; in the eloquent Russian advocates and influential dignitaries who contributed to the furtherance of German ideas

and interests and swayed the policy of the State; and in the dependence of the great Russian Empire on its enemy for munitions, and almost every other technical necessary of war.

From the days of the great Peter this Teuton influence had been creeping imperceptibly over the Slav race like some cancerous soul-growth. It infused a subtle poison in the State organism, the most appalling effects of which are only now assuming visible shape. Two palace revolutions were brought about by a national reaction against the predominance of this foreign influence, which was resented by the people not merely because it was alien, but largely also because of its unscrupulous and ruthless character. Some of the most atrocious cruelties which students of Russian history associate with court and political life in the Tsardom, during the best part of two centuries, had their sources in the sheer malignity of Teuton Ministers who spoke and acted in the name of the autocrat of the moment. It is characteristic that the Minister Münnich, in the school for officers which he founded in Petersburg, had Russian history eliminated from the programme as superfluous, German history being allowed to remain; and that out of 255 students, only eighteen studied the Russian language, whereas 237 applied themselves to German. The first Sovereign to rebel against this Teuton supremacy in his Empire was the late Alexander III., who made no secret of his profound dislike for German ways. But as the Russian proverb has it, "one man in the field, is not a soldier." Hercules, to cleanse the Augean stables, had need of the water of a river, and the anti-

German Tsar could not hope to make headway without the co-operation of his army of officials, who themselves were permeated with the Teutonic spirit. And as passive resistance was their attitude, his purging scheme was abortive. As a matter of cool calculation, the only hope of freeing Russia from the meshes of the German net was a war between the two peoples. And all radical legislation had therefore to be postponed.

In the meanwhile the Germans, having organized and primed their agents, have been teutonizing Russia cunningly and effectively. With the precious assistance of their own kith and kin settled in the Baltic provinces and elsewhere, they employed the never-failing expedient of taking an active and, when possible, a leading part in domestic Russian politics, and invariably on both sides. At the Court they have always been well represented, and in the ranks of the inarticulate and Parliamentary Opposition they have also been playing a noteworthy part. In factories and other industrial and commercial institutions they arranged strikes, called indignation meetings and hatched conspiracies at critical junctures when it was to Germany's interest that Russia's attention should be riveted upon home affairs. No Parliamentary Bill could be privately drafted, no railway scheme could be secretly discussed, no Ministerial measure could be canvassed; nay, seldom could a confidential report be drawn up to the Emperor himself without the knowledge of the Berlin authorities and the occasional intervention of their agents in Petrograd. It is interesting to note that in 1914 a secret memorandum of a highly confidential character,

from a statesman to the Tsar, found its way to Berlin soon after it had been presented to the monarch and had a certain influence on the decisions which led to the war.

The work of economic interpenetration carried on under the ægis of such powerful patrons and resourceful coadjutors was greatly facilitated by the German colonies scattered over Russia for generations. Many of these foreigners had been invited by Catherine II., receiving large grants of land and various privileges which enabled them to flourish at the expense of the native population, on which they looked down with open contempt.

At that time the extent of free land was considerable in Bessarabia, Volhynia, and the provinces of Kherson, Ekaterinoslav, Saratoff and Samara, where down to the year 1915 entire cantons were inhabited by Germans. In the Novouzensky canton, for example, they constituted 40 per cent. of the population, in that of Berdyansk 17 per cent. and in the Akkerman canton 14 per cent. The inducements which had been held out to them to settle in these fertile districts were irresistible. Each colonist received fifty dessiatines of land,<sup>1</sup> extensive pastures for cattle, grants for the journey and the cost of stocking his farm, absolute immunity from all taxes, rates and military service, and complete local autonomy apart from that of the Russian community.

The Germans whom these boons attracted were of two categories: sectarians (Menonites), who eschewed military service on religious grounds; and ne'er-do-weels, who objected to the restraints of law and justice in the

<sup>1</sup> About 107 acres.

Fatherland; besides a considerable percentage of tramps. Most of the men of the second category fared as badly in their adopted country as they had in their native land. They gave themselves up to intemperance and kindred vices, and their descendants still lead a hand-to-mouth existence in the Tsardom which their privileges alone could not better. The sectarians, on the other hand, formed a compact co-operative body, and by dint of persevering industry and shrewdness, made the most of their favoured position and prospered. With their common savings they purchased such vast tracts of land from the neighbouring gentry that in time the Russian population was constrained to emigrate to Siberia and other distant parts of the Empire. And when the present conflict was unchained they were in possession of an area of fertile land bigger than Pomerania, which is one of the largest provinces of Prussia. In the Volga country alone they owned 879,420 dessiatines, or, say, 1,884,471 acres! In the south of Russia there are 519 German settlements, and the area they occupy is estimated at more than 31,252 square versts.<sup>1</sup> And the land of the country gentry in the neighbouring districts was fast passing into their hands.<sup>2</sup> They have their own local government, their banks which help them to acquire Russian land, their insurance companies and their schools. In short, they were a compact little State within the Tsardom.

The sectarians still hold aloof from the native population. Indeed, almost the only relations in which they stand to Russians are

<sup>1</sup> One square verst is equal to 0.44 square mile.

<sup>2</sup> Cf. *Novoye Vremya*, October 5, 1914.



those of masters and agricultural labourers. They hire Russian peasants to till their land and they compel them to work hard for small wages. Many of these colonies have the appearance of little German towns. They have added industrial pursuits to agricultural, possess flour mills, timber mills, and plough their farms with German implements. They are aggressively German in sentiment, language, character and Kultur.

That in brief is the history of one type of German colonization in the Tsardom. There is another at which it may not be amiss to cast a glance. It is of recent date and consists of German elements already resident in the Tsardom. It is a monument of Teuton audacity and Slav forbearance. One might ransack the history of European nations without finding another such instance of downright effrontery and disloyalty on the part of a privileged section of the community, and of easy-going toleration on the part of the State. The German elements of the provinces of Kurland and Livland, subjects of the Tsar though they are, resolved after the abortive revolution of 1906 to raise a living wall against the rising tide of Russian influence. And as is the wont of the Teuton throughout the world, they employed Russia's men and Russia's money to achieve their anti-Russian object. This object was to attract some twenty thousand Germans to the province, provide them with farms on easy terms, and look to time, the industry of the men, the fecundity of the women and the teachings of the schools to create a new German State in that part of the Russian Empire. It was part of the functions of these colonists, we are frankly

told by their historiographer,<sup>1</sup> "to serve, even as armed defenders" against the Russians! In no other country on the globe is such a scheme conceivable.

The undertaking was organized and carried out by two brothers, Brödrich by name, in one of whom the Tsar's Government placed implicit confidence and evinced it by appointing him to be chief of the police in the canton of Goldingen. In this post of trust the German leader was able to further the anti-Russian cause materially. And he utilized his opportunities to the utmost for the purpose during the five years of his tenure of office. He himself travelled in search of suitable German colonists and had numerous agents on the look-out for such. He finally got about 13,000 to settle in Kurland and 7000 in Livland. The Kurlandische Kreditverein advanced the necessary capital as mortgage of the land, and within five or six years many of the colonists had already paid off their debts, sold their farms to other Germans and bought untilled land in the neighbourhood for themselves. The school was responsible for the required standard of German patriotism. The success of the experiment exceeded the highest expectations, and to-day the man of confidence of the Tsar's Government, Karl Robert Brödrich, is become chief of the local administration under Wilhelm II., and deservedly enjoys the confidence of the Kaiser's Ministers.

This type of German invasion in Russia, especially in recent years, was carried out

<sup>1</sup> His name is Dr. Fritz Wertheimer. His writings are to be found in various periodicals. The essay from which these data are taken was published in the *Frankfurt Zeitung*, January 8, 1916.

with a supreme disdain of the laws of the Empire which is equally characteristic of those who display and those who tolerate it. In virtue of a law inscribed in the Statute Book on 14/26 March 1887, foreigners are not permitted to purchase or own land outside the cities in the provinces of Kurland and Livland, whereas in Esthland there is no such prohibition. Yet in Esthland only 6396 dessiatines belong to Germans, whereas in the two provinces whence they are absolutely excluded Germans possess 36,852 dessiatines and 6396 dessiatines respectively! In the territory of the Don Cossacks no foreigner may possess land under any circumstance, yet the Germans own there 3700 dessiatines. Again, in the provinces of Podolia and Volhynia, where, for State reasons, the ownership of land is allowed only to Russians, Germans purchased and own 63,831 dessiatines in the latter province and 12,475 in the former. Altogether the amount of Russian territory which passed into the hands of the Teutons is enormous. In July 1915, when the inventory was not yet completed, the area inscribed had reached the total of 2,450,000 dessiatines or about 5,250,000 acres.<sup>1</sup> "This figure—" we are assured—"is still far from complete, inasmuch as a large number of data from various provinces have not been included in it, and there are no entries at all for the three provinces of the kingdom of Poland where military operations are going on and where unhappily the presence of German colonists has been utilized by the German General Staff."<sup>2</sup>

<sup>1</sup> *Novoye Vremya*, July 2, 1915.

<sup>2</sup> By a law sanctioned by the Tsar, in February 1915, the German Colonists of Southern and Western Russia were obliged to sell their land to Russian subjects, and they received ten months' grace for the purpose.

In Poland there were well over 500,000 German colonists, besides a large number of new-comers, whose unwritten "privileges" included, as we saw, occasional permission to their young men liable to serve a few weeks annually in the ranks of the German army to discharge that duty under German officers in Russian Poland! In the Ukraine and the most fertile districts of the Volga basin hundreds of thousands of Germans lived, thrived, and upheld the traditions as well as the language of the Fatherland, under the eyes of tolerant local authorities.

Hard by old Novgorod, the once famous Russian republic and cradle of the Russian State, a number of German colonists settled some 150 years ago. The population of two of these settlements numbers several thousand souls, descendants of the original settlers, in the fourth and fifth generation. They had had time enough, one would think, during that century-and-a-half to assimilate Russian ways and to acquire a thorough knowledge of the Russian tongue. Well, these colonists do not speak the language of the country in which they and their forbears have been living for over 150 years! They still consider themselves German, and if you ask them who their sovereign is they answer unhesitatingly—Kaiser Wilhelm! During Russia's recent military reverses, which threatened for a time to culminate in the capture of Riga, and possibly of Petrograd as well, these parasites in the body politic of Russia displayed their joy in various unseemly ways, which aroused the indignation of their Slav neighbours. In one of their schools the Russian visiting authorities were received with demonstrations

of hostility. It is usual for the portrait of the Russian Tsar to be set up in every school in the Empire. In one of these educational establishments it was discovered in the lavatory with the eyes gouged out.

Long before this war Berlin had become alive to the importance of these colonies as factors in the work of pacific interpenetration and political propaganda. Wandering teachers from the Fatherland were accordingly sent among them to link them up with their brethren at home, and fan the embers of patriotism which long residence in the Tsardom had not quenched. Little by little, the political fruits of these apostolic labours began to show themselves: the colonists, whose main pre-occupation had been to occupy the most fertile soil in the district, began to take over the approaches to Russia's strategic plans, and to display an absorbing interest in Russian politics. Several Zemstvos fell into their hands, and were practically controlled by them, and they contrived to gain considerable influence in the elections to the Duma.

The chance of a useful part for these German colonies to perform having thus unexpectedly arisen on the horizon, they seized it with promptitude and utilized it with the thoroughness that characterizes their race. The numbers prosperity, and influence of the colonies grew rapidly. Land that had belonged to the Russian peasantry was taken over by the foreign parasites, and while the Tsar's Minister, were toiling and moiling to transport hundreds of thousands of Russian husbandmen and their families in search of land beyond the Ural Mountains to the virgin forests of Eastern Siberia, there in the very heart of European

Russia were hundreds of thousands of intruders, who, with the help of their German Colonial banks, were acquiring additional tracts of land from which their native owners had been ousted.

I pointed out this anomaly over and over again, and long before the war I described it in review articles. The well-known German Professor, Hans Delbrück, replied shortly afterwards, in the *Contemporary Review*,<sup>1</sup> denying point-blank the truth of my statements, which were drawn from official sources, and confirmed by the evidence of my senses. For I had visited several of the colonies in question. Besides these German settlements, there had also been a number of German industrial and commercial establishments in the Empire which, at first nowise harmful, were afterwards taken in hand by emissaries from Berlin, linked up together, affiliated to one or other of the great financial houses of Germany, and transformed into redoubtable instruments of Teuton domination. Capital was subscribed, syndicates were formed, railway-building and electro-technical industries were organized, Russia's railways policy modified, and metallurgical works were monopolized by the Germans. Here again financial institutions discharged the functions of motive power. At the beginning, about thirty million roubles were subscribed for the creation of banks, and by dint of push, importunity, secret influence and intrigue, these institutions received on deposit the savings of the Russian peasant, merchant, landowner, and official, which finally mounted up to several hundreds of millions. With this money they were enabled to control the

<sup>1</sup> Cf. *Contemporary Review*, February 1911.

markets and constrain Russian institutions and individuals to bow to their will.

Contracts in Russia were appropriately drafted in the German language, being directed to the promotion of German interests. Incipient and even long-established Russian firms were either killed by unfair competition or compelled to enter the syndicates and forego their national character. Inventions and new appliances were tested, plagiarized, and employed in the service of the Fatherland. And while preparing for the war which was to set Germany above the nations—*Deutschland über Alles*—these syndicates followed the policy dictated from Berlin, sowed discord between Russian firms and various State departments, organized strikes and paid the strikers in competing establishments, and thus deprived the Russian State of industrial organs on which it would necessarily have to rely in war-time. To give but one example of this cleverly devised attack, the cotton industry of the Tsardom was in the hands of the Germans when war was declared. Another of the most important groups of Russian industries is that of naphtha. When this precious liquid is dear, many of the lesser works have to close; when it is cheap, even small industrial enterprises are able to go on working. By way of obtaining complete control of this vital element of Russia's industrial life, the Deutsche Bank went to work to form a syndicate, had a number of private wells bought up, united them in one, acquired numerous shares in Russian oil companies, and had the manager of another German bank—the well-known Disconto Gesellschaft—made a member of the Board of the Russian Nobel Company.

One of the results of this ingenious deal was a sharp rise in the prices of all the products and some of the by-products of naphtha. The increase continued at an alarming rate, filling the pockets of the German shareholders, whose syndicates received the oil at cost price for their own consumption, while Russian firms were forced to acquire it at the market value or to shut down their works. Amongst the worst sufferers from these anti-Russian tactics were the steam-navigation companies of the Volga, which had jealously warded off all attempts to germanize them.

In conditions as restrictive as these, it is well-nigh impossible for Russian industry to hold its own, much less prosper and grow. And only the most vigorous and best-organized enterprises in the Empire, like that of the Morozoffs in Moscow, managed to pursue their way unscathed. In Russian Poland, where textile industries flourished, and the total annual production was valued at 294,000,000 roubles, over one-third of these industries belonged to the Germans, whose yearly output amounted to more than one-half of the grand total, *i. e.*, to 150,000,000 roubles.<sup>1</sup> In all these industrial and commercial campaigns the German prime movers had carried out their operations more or less openly. But where interests affecting the defences of the Empire were concerned, caution was the first condition of success, and, as usual, the Teutons proved supple and adaptable. By way of levying an attack against the shipbuilding industry, they pushed shaky Russian concerns into the foreground, while studiously keeping themselves out of view. Thus in

<sup>1</sup> Cf. Duma debates of August 1914.



one case new Russian banks were founded, and old ones in a state of decay were revived by means of German capital and encouraged to form a syndicate with the Nikolayeffsky shipbuilding works and certain foreign banks. An official inquiry, presided over by Senator Neidhardt, lately revealed the significant fact that each firm of this syndicate had bound itself to demand identical prices for the construction of Russian ships, and under no circumstances to abate an iota of the demand. And it was further agreed that these prices *should be so calculated as to yield to the members of the syndicate one hundred per cent. profit.*

This allegation is not a mere inference, nor a rumour. It is an established fact. Neither is the proof circumstantial; it consists of the original agreement in writing signed by the authorized representatives of the institutions concerned. The data were laid before the members of the Russian Duma by A. N. Khvostoff.<sup>1</sup> Thus the Russian peasant is taxed for the creation of a fleet, and the Duma votes an initial credit of, say, 500,000,000 roubles for the purpose. And if the shipbuilding companies and their financial bankers were honest the aim could be achieved. But in the circumstances what it comes to is that the nation must pay 500,000,000 more, in order to get what it wants. And this tax of a hundred per cent. is levied by German parasites on the Russian people. One might scrutinize the history of corruption in every country of Europe without finding anything to beat this Teutonic device, which at the same time gratified the cupidity of the money-makers and dealt a stunning blow at the

<sup>1</sup> Cf. *Novoye Vremya*, August 17, 1915.

Russian State. Half of the shares of the celebrated Putiloff munitions factory are said to have belonged to the Austrian Skoda Works.

At the outset of the present war, when Russia's needs were growing greater and more pressing, the works controlled by Germans and Germany's agents diminished their output steadily. In lieu of turning out, say, 30,000 poods of iron they would produce only 5,000, and offer instead of the remainder verbal explanations to the effect that lack of fuel or damage to the machinery had caused the diminution. Again, one of these ubiquitous banks buys a large amount of corn or sugar, but instead of having it conveyed to the districts suffering from a dearth of that commodity, deposits it in a safe place and waits. In the meantime prices go up until they reach the prohibition level. Then the bank sells its stores in small quantities. The people suffer, murmur, and blame the Government. Nor is it only the average man who thus complains. In the Duma the authorities have been severely blamed for leaving the population to the mercy of those money-grubbers whom German capital and Russian tribute are making rich. "Averse to go to the root of the matter," one Deputy complained, "the Government punishes a woman who, on the market sells a herring five copecks dearer than the current price, yet at the same time it permits the Governors to promulgate their own arbitrary laws regulating imports and exports from their own provinces. In this way Russia is split up into sixty different regions, each one of which pursues its own policy unchecked."

The importance of the rôle played by the

banks financed by German capital in Russia can hardly be overstated. They advance money on the crops and take railway and steamship invoices as guarantees—they are centres of information respecting everybody who resides and everything that goes on in the district and the province. I write with personal knowledge of their working, for I watched it at close quarters in the Volga district and the Caucasus with the assistance of an experienced bank manager. Their political influence can be far-reaching, and the services which they are enabled to render to the Fatherland are appreciable. And they rendered them willingly. As extenders of Germany's economic power in the Empire they merited uncommonly well of their own kindred. Thus of Russia's total imports in the year 1910, which were valued at 953,000,000 roubles, Germany alone contributed goods computed at 440,000,000. These consisted mainly of raw cotton, machinery, prepared skins, chemical products, and wool.

How steadily our rivals kept ousting the British out of Russian markets by those means may be gathered from the following comparative tables. The percentage of Russia's requirements supplied by the two competing nations varied, during the fifteen years between 1898 and 1913, as follows—

<i>Year.</i>	<i>Germany supplied.</i>	<i>Britain supplied.</i>
1898-1902 . . . .	34·6 per cent.	18·6 per cent.
1903-1907 . . . .	37·2    "    "	14·8    "    "
1908-1910 . . . .	41·6    "    "	13·4    "    "
1911 . . . . .	45·4    "    "	12·2    "    "
1912 . . . . .	47·5    "    "	12·6    "    "
1913 . . . . .	49·6    "    "	13·3    "    "

In the year 1901 Germany supplied 31 per

cent. of the total value of Russia's imports; in 1905 her contribution was 42 per cent.; and the increase went steadily forward, reaching over 50 per cent. in the year 1913. If we add to this the net profits of German industrial and commercial undertakings in the Russian Empire, we may form a notion of the appropriateness of the comparison which likened the Tsardom to a vast German colony. The entire economic system of the country was rapidly approaching the colonial type. And to these economic results one should add the political.

It is fair to assume that at the outset the main motive of this industrial invasion was the quest of commercial profit. Subconsciously political objects may have been vaguely present to the minds of these pioneers, as indeed they have ever been to the various categories of German emigrants in every land, European and other. But in the first instance the creation of German industries in Russia was part of a deliberate plan to elude the heavy tariffs on manufactured goods. It has been aptly described by an Italian publicist<sup>1</sup> as legal contraband, and it supplies us with a striking example of German enterprise and tenacity. It attained its object fully. About three-fourths of the textile and metallurgical production in the Tsardom, the entire chemical industry, the breweries, 85 per cent. of the electrical works and 70 per cent. of gas production were German. And of the capital invested in private railways no less than 628,000,000 roubles belongs to Germans. Even Russian municipalities were wont to apply to Germany for their loans, and of the first issues

<sup>1</sup> Virginio Gayda.

of thirty-five Russian municipal loans no less than twenty-two were raised in the Fatherland.

The necessity of waging war against this potent enemy within the gates intensified Russia's initial difficulties to an extent that can hardly be realized abroad, and was a constant source of unexpected and disconcerting obstacles. Some time before the opening of the war, a feeling of restiveness, an impulse to throw off the German yoke, had been gradually displaying itself in the Press, in commercial circles, and in the Duma. These aspirations and strivings were focussed in the firm resolve of the Russian Government, under M. Kokofftseff, to refuse to renew the Treaty of Commerce which was enabling Germany to flood the Empire with her manufactures and to extort a ruinous tribute from the Russian nation. Two years more and the negotiations on this burning topic would have been inaugurated, and there is little doubt in my mind—there was none in the mind of the late Count Witte—that the upshot of these conversations would have been a Russo-German war. For there was no other less drastic way of freeing the people from the domination of German technical industries and capital, and the consequent absorption of native enterprise.

When diplomatic relations were broken off, and war was finally declared, Germany was already the unavowed protectress of Russia. And when people point, as they frequently do, to the war as the greatest blunder ever committed by the Wilhelmstrasse since the Fatherland became one and indivisible, I feel unable to see with them eye to eye. Seemingly it was indeed an egregious mistake, but

so obvious were the probable consequences which made it appear so that even a German of the Jingo type would have gladly avoided it had there not been another and less obvious side to the problem. We are not to forget that in Berlin it was perfectly well known that Russia was determined to withdraw from her Teutonic neighbour the series of one-sided privileges accorded to her by the then existing Treaty of Commerce, and that this determination would have been persisted in, even at the risk of war. And for war the year 1914 appeared to be far more auspicious to the German than any subsequent date.

Handicapped by these foreign parasites who were systematically deadening the force of its arm, the Russian nation stood its ground and Germany drew the sword.

Improvisation—the worst possible form of energy in a war crisis—was now the only resource left to the Tsar's Ministers. And the financial problems had first of all to be faced. In this, as in other spheres, the country was bound by and to Germany, so that the task may fairly be characterized as one of the most arduous that was ever tackled by the Finance Minister of any country—even if we include the resourceful Calonne. And M. Bark, who had recently come into office, was new not only to the work, but also to the politics of finance in general. Happily, his predecessor, who, whatever his critics may advance to the contrary, was one of the most careful stewards the Empire has ever possessed, had accumulated in the Imperial Bank a gold reserve of over 1,603,000,000 roubles, besides a deposit abroad of 140,720,000 roubles. Inci-

dentally it may be noted that no other bank in the world has ever disposed of such a vast gold reserve.

Although one of the richest countries in Europe, Russia's wealth is still under the earth, and therefore merely potential. Her burden of debt was heavy. For at the outbreak of the war the disturbing effects of the Manchurian campaign and its domestic sequel, which had cost the country 3,016,000,000 roubles, had not yet been wholly shaken off. And, unlike her enemy, Russia had no special war fund to draw upon. As the national industries were unable to furnish the necessary supplies to the army, large orders had to be placed abroad and paid for in gold. At the same moment Russia's export trade practically ceased, and together with it the one means of appreciably easing the strain. The issue of paper money in various forms was increased, loans were raised, private capital was withdrawn from the country, various less abundant sources of public revenue vanished, and the favourable balance of trade dropped from 442,000,000 roubles to 85,500,000. Germany, on the other hand, possessed her war fund, in addition to which she had levied a property tax of a milliard marks a year before the outbreak of hostilities; she further drew in enormous sums in gold from circulation, and generally mobilized her finances systematically.

But Russia was compelled to improvise, to make bricks without straw. Her war on a front of two thousand versts long had to be waged with whatever materials happened to be available. Japan—who, I have little doubt, will be found at the close of the great struggle to have benefited largely by her pains—exerted

herself to provide munitions for her new friend and ally. The United States, Great Britain and France also contributed their quota. For many of these orders placed abroad gold had to be exported, and as Russia has no other natural way of importing gold but by selling corn, which there were no means of transporting, a sensible depreciation of the rouble resulted. Great Britain and France have also had to make heavy purchases abroad for their military needs, but these two countries can still export wares extensively and keep the payments in gold within certain limits. Even Italy receives a noteworthy part of her annual revenue in the shape of emigrants' remittances from abroad. But once Russia's gates were closed and her corn had to remain in the granaries, elevators, or at railway stations, the shortage in her revenue became absolute. During the first three months of the year 1915 the value of Russian exports over the Finnish frontier and the Caucasian coast of the Black Sea was only 23,000,000 roubles, showing a falling off of about 93 per cent., as compared with the worth of the produce exported during the corresponding three months of the preceding year.

It is a curious fact that part of this reduced trade continued to be carried on with Germany for months after the war had begun. A Russian publicist has remarked that at the opening of the campaign the voice of the nation was heard saying: "Corn we have in plenty, and vegetables and salt. It is we who feed Europe. Germany will therefore starve without our corn. Our armies may retreat, but our corn will go with them; and the more the Germans advance into Russia,



the further they are away from their bread." And in this the average Russian saw a pledge of victory. But before six months had lapsed, the everyday man grew indignant. For he learned that his corn was being conveyed through Finland and Sweden into Germany, and in such vast quantities as had never before been heard of. Here is a street scene illustrative of this traffic and the feelings it aroused. A long string of carts laden with flour blocks in one of the Petrograd streets leading to a bridge over the Neva; a General walking with his wife stops one of the drivers and asks: "Wherever are you taking the flour to?" "Where do you suppose? Sure we're taking it to the Germans. We have to feed the creatures. They are a bit faint." "There you see!" exclaimed the General to his wife; "didn't I tell you? And every morning without fail the same long line of carts blocks the streets while our corn is being taken to the Germans!"<sup>1</sup> It is to be feared that this commerce has not yet wholly ceased. For the Russians, like ourselves, are considerate of the Germans.

That that story of trading with the enemy is no idle anecdote is evident from the circumstance, based on official Russian statistics, that during ten months from August to May, while the war was being waged relentlessly between the two empires, Russia bought from Germany no less than 36,000,000 roubles' worth of manufactures. How much the Central Empires purchased from Russia, I am unable to say. That commerce is one of the almost inevitable consequences of improvisation and one of the most sinister. Some

<sup>1</sup> Cf. *Novoye Vremya*, February 24, 1915.

months after the outbreak of the war the Imperial Government levied a duty of a hundred per cent. on all commodities coming from Germany, Austria-Hungary, and Turkey. That was assumed to be a prohibitive tariff. But it failed to keep out imports from the Fatherland. In the one month of April 1915, Germany sent 3,000,000 roubles' worth of manufactured goods into Russia, and in May 2,500,000 roubles' worth. And the Allied Press was then descanting on the stagnation in German trade and the starvation of the German people. The explanation of this anomaly lies in the unforeseen and enormous scarcity and rise of prices in the home markets. Some metal wares—for instance, various kinds of instruments and of wire appliances, etc.—are not to be had in Russia for love or money, consequently a hundred per cent. duty is but a heavy tax paid by the consumer, not an effective prohibition.<sup>1</sup> Since then, I am assured, the Government has adopted stringent measures which some people believe to have put an end to that form of trading with the enemy.

It is hard for foreigners to realize the plight to which Russia has been reduced by the closing of her gates. As the Nile waters were the source of Egypt's prosperity, so the abundant Russian harvests constitute the life-giving ichor which flows in the veins of the Russian nation. Without superfluous corn for exportation, the State would be unable to meet its obligations, maintain its solvency, or provide the motive power of progress. The exportation of agricultural produce was the fountain head not only of Russia's material

<sup>1</sup> Cf. *Utro Rossiyi*, August 28, 1915.

well-being, but of her moral and cultural evolution: everything, in a word, was dependent upon plentiful harvests and extensive sales of cereals abroad. And, suddenly, the gates were closed, the corn was stored, and the nation left without its revenue. Nobody but a Russian, or one who has lived long in the country, can realize fully all that this tremendous blow connotes. Parenthetically, it may be remarked that it adds a motive, and one of the most potent, to those which inspire the heroic sacrifices of the people, quickening the flame of devotion to their Allied cause. Russia is now literally fighting for her own liberty, for escape from the iron circle that shuts her off from the sea, and isolates her from the western world in which it is her ambition and her mission to play a helpful part.

One needs no further explanation why the Russian Government put pressure upon M. Delcassé and Sir Edward Grey to open the Dardanelles route for the Russian corn. Neither is it to be wondered at that while the Allied Forces in Gallipoli were still grappling with the Turks, the Tsar's Ministers should have thrust into the foreground the question of Constantinople and the Straits, and insisted upon an immediate pragmatic settlement. True, that was not statesmanship; it was anything but political wisdom; but at any rate it was human on the part of all concerned. If this Titanic struggle, in which Russia is perhaps the greatest sufferer, is to bring her any palpable and enduring advantage, this, it was urged, can take but one form—freedom from the preposterous restraints that bar her way to the sea, and through the sea to the

outside world. This and other pleas were powerful; but for this very reason and for the purpose of realizing her natural striving I personally would have temporarily negated the Russian proposal and left nothing undone to ensure its withdrawal. For if I were asked to point to the efficient cause of the Allies' present lamentable plight in the Near East, I should single out this premature arrangement and its necessary consequences. For Roumania and Bulgaria were at the moment as bitterly opposed to Russia's overlordship in the Dardanelles and her possession of Constantinople as were France and Great Britain in the days of yore. And they embodied their opposition in acts.

## CHAPTER VI

### THE STATESMANSHIP OF THE ENTENTE

ONE of the most amazing phenomena of Entente statesmanship during the present European struggle, is the offhand readiness with which the Governments of France and Great Britain, yielding to abstract reasoning founded upon gratuitous assumptions, not only reversed the policy of centuries but committed themselves to a wholly new departure which was certain to raise up enemies to the Entente, to render its task immeasurably more arduous, and to lessen its means of achieving success. However well Russia deserved of her allies, however unquestionable her claim to the city of Constantine, no less suitable a moment could have been selected to press that claim than the spring of 1915. The only evidence we possess that the British statesmen primarily responsible for this capital blunder were conscious of the fateful character of this commitment, is the extreme care they took to have their responsibility shared by the members of the Opposition, which at that time was not represented in the Cabinet. But even with this indication before us, we cannot believe that even now this premature solution of a secular problem on lines suggested by transient episodes of a military campaign, has struck the responsible statesmen in proportion to its specific weight, the depth of its importance,

and the nature of its consequences. To take but one of these, we find that towards the end of the second year of the campaign, Turkey is one of the two key-positions of the international situation. To conclude a separate peace with that Power is become a pressing, and would also be a feasible, task were it not that this earmarking of Constantinople for Russia constitutes an impassable barrier. No Turkish Cabinet would or could conclude a separate peace and strike up friendship with the nations that are making ready to deprive the Caliph of his capital. It would be a mistake, however, to assume that this premature allotment of Constantinople to Russia is the only obstacle to the conclusion of a separate peace with Turkey. There are also hindrances of a military nature which would have to be displaced before any decisive move in this direction could be expected of the young Turks.

But it cannot be gainsaid that the most formidable obstacle is that. Neither can it be questioned that that premature arrangement will, if the Allies emerge victorious from the ordeal, thrust into the foreground of practical politics a whole group of problems the most delicate and dangerous that were ever yet tackled by the inadequately equipped diplomacy of the Allied Governments. It is then that the Entente Powers will fully realize the deluge to which they made such haste to open the sluice-gates in the spring of 1915. And the only way practicable out of this blind alley would be the spontaneous abandonment by the Russian Government of the right it possesses, which however the Allies will certainly never call in question. Whether the Tsar's Government believes such a sacrifice necessary,

and whether, if they did, they could summon up the courage requisite to make it, are questions which Russia's loyal allies have neither the right nor the wish to raise. We will carry out our obligations in the letter and the spirit. If the Russian people, in the person of their responsible organ, should renounce for the moment the claims which we have formally recognized and undertaken to enforce, this decision will have been come to spontaneously and without pressure or advice from their allies.

The extent to which the Teuton had his own way among the easy-going Russian people is hardly to be realized. It would be certainly inexplicable in an empire governed on national lines and conscious of its mission. For unlimited pliancy was the quality which German importunity evoked on the part of the highest authorities. One of many examples is worth recording. Among all industrial enterprises the Russian Government is most sensitive about that of high explosives. The manufacture of these they had always rigorously reserved for their own people, on obvious grounds. Well, the moment the Germans resolved to break down this barrier, they found the means to do it despite the objection raised by the Russian Press that it would be dangerous to confide the production of high explosives to foreigners and superlatively dangerous to confide it to prospective enemies. The prospective enemy carried the point, and the manufacture of high explosives was handed over to a German company, which built works for the purpose near the Russian capital, and had its headquarters and board of directors in Berlin !<sup>1</sup>

<sup>1</sup> *Novoye Vremya*, June 24, 1915.

As in Italy, so in the Tsardom, one of the principal levers of Teuton interpenetration was the regulation of the national trade and industry. That is to say, these were allowed to subsist and thrive up to, but not beyond, the point at which they were useful as adjuncts of German enterprise. And the regulators were principally two: the Treaty of Commerce extorted from the Tsar's Government during the embarrassments caused by the Manchurian campaign, and the German banks, which in the empire paraded as Russian, just as in Italy they were decked as Italian. Many of those financial institutions were but branches of German houses, and their methods were identical with those of the Banca Commerciale: long credits and easy modes of repayment offered to all those who agreed to deal with German firms, while discredit, ostracism, and ruin threatened the recalcitrant. And as Italian money and Italian institutions were employed as instruments of German interpenetration in foreign countries,<sup>1</sup> so Russian funds and banks were used as helps to German interpenetration in Belgium and other lands.

A noteworthy instance of the ingenuity with which this intricate mechanism was worked came to light shortly before the outbreak of the war. In Brussels there was a branch of the Petrograd International Bank which purported to be a purely Russian concern. But once the Kaiser had sent his ultimatum to the Tsar's Government, the Russian mask was doffed by the Brussels agency, which forthwith appeared in its true colours as a potent instrument of germanization in Belgium. There was found to be almost

<sup>1</sup> For example, the Banca Franco-Italiana in Brazil.



nothing Russian about the bank but the name. The staff, the language spoken, the methods of business, the political sympathies, the aims of the operations were all German. Out of the forty-three permanent members of the staff, thirty were German subjects, six Austrians, two German-Swiss, two Belgians, one was a Dutchman, one Turk, and there was a solitary Russian. The moment Count Berchtold presented his ultimatum to Serbia this "Russian" bank refused to change any Russian bank-notes on any terms and let it be understood that they were valueless. A panic on the Belgian market was the immediate consequence. Russian travellers had to deposit their jewellery in pawn and pay exorbitant rates of interest on loans. The bank itself practised a kind of usury, and advanced only sixty per cent. of the face value of notes issued by the Imperial Bank of Russia. When the Belgian Government, after the declaration of war, began to tackle German espionage, this "Russian" bank was found to be one of the strongholds of the military spies. Certain of the employees were permanent agents of the German Military Attaché, and were at the same time inscribed as members of the staff of the Deutsche Bank of Berlin.

All those well-thought-out and successfully executed schemes may bear in upon the British people some notion of what is meant by German organization and co-ordination, and may also help them to gauge the chances of success, military, diplomatic and economic, on which the Allies, with their easy-going ways, their hope of somehow "blundering through," and their lack of combination and of plan—can rely when pitted against a

mighty organism, disposing of the most redoubtable forces ever created by human science and skill, directed by a single mind, and served with ascetic self-abnegation and religious ardour by over a hundred million people. The courage and faith of the Allies in gazing for years upon this portentous engine of destruction without making suitable provision for the day when it would be turned against themselves, will fill future generations with amazement.

No bare enumeration of details can convey an adequate idea of the vastness, compactness and potency of the German organization which kept the Russian Colossus partially paralysed at home, while the Kaiser's armies were dealing it stunning blows on the battlefield. It is a revelation which will be followed by a new birth of the whole political world. The German colonists, the wandering German commercial travellers who acted as political spies, the various banks, joint-stock companies, religious sects, journals, reviews, schools, clubs, Lutheran pastors, and other Teuton agents, were but so many wheels and springs of the mighty machine which was set in motion and kept working by the political leaders in Berlin. For all these firms and enterprises and individuals from the Fatherland scattered over the length and breadth of the Tsardom were welded together in one vast organism by far-seeing politicians who canalized every important current of the nation's life and imparted to it the direction which German interests required. No enterprise was too vast, no detail too trivial, for the attention of these moulders of Germany's destinies.

All those activities, commercial, financial,

industrial, journalistic, religious, political, the German mind combined into a single idea, the co-ordinate parts of which were studied and regulated, not by party chiefs, but by qualified experts, who, although specialists, subjected them to organic treatment. In this respect the German may be likened to a massive sombre figure who, surrounded by a crowd of sprightly shadowy nobodies, discoursing with easy frivolity on grave subjects, is engrossed with the task of destroying a great part of the framework of the world in order to rebuild it after his own plan. Unfortunately the extraordinary enlargement of interest which marks the latter-day political conceptions, and inspires the fateful action of Germany's acknowledged leaders, breeds in the allied peoples not so much a stern resolve to tame that revolutionary nation at all costs, as a sentimental longing for the return of the idyllic past, and an illusive hope that by dint of mild Christian charity it may yet be brought back.

## CHAPTER VII

### TEUTON POLITICS

It is this Teutonic power of looking far ahead, this profundity of vision, this mingled comprehensiveness and concentration, and the marked success with which these qualities have hitherto been exercised to the lasting detriment of the Entente nations which looked on and naïvely applauded, that fill the thoughtful student with misgivings about the future. True, it may not be too late for effective counter measures. But two conditions are manifestly essential to the successful application of any remedy : first, that its necessity should be felt and realized ; and, second, that the scrupulosity which at present hesitates to apply drastic measures should yield to higher considerations than those of individual delicacy of sentiment and over-refined humanitarianism. When an individual abuses laws and restraints which bind his fellow-men, in order to inflict a deadly injury on them, it is meet that they should free themselves from those checks in their dealings with him. For example, it may be theoretically wrong, after the conclusion of the present struggle, for our people to bear such a grudge against the individual German as would exclude him from communion and intercourse with the nations of the Entente. And this principle would seem to apply with greater force to those Germans who might be

willing to abandon their nationality and identify their aims, interests and strivings with those of the nation in which they would fain become incorporated. But when we reflect that almost every German, whatever his calling, how profound soever his debt of gratitude to a foreign people, considers himself first and always a member of his own country, works for its interests to the detriment of all others, and does not scruple to violate moral laws and social traditions in order to betray his new friends, we may well ask in virtue of what precept we should abstain from ostracizing him from the British Empire. His second nationality is so often a mere mask to enable him to perpetrate black treason, and it is so openly thus regarded by his own Government, which upholds and solemnly sanctions the principle, that it would be inexplicable folly on the part of the British nation to aid and abet its enemies by admitting them to the freedom of the community without taking effective precautions against treason.

And yet there is a large body of men in this country, as in France and Italy, who condemn the demand for these precautions as un-Christian and impolitic. Such laxness is the soil in which thrives the upas tree whose shade has so long darkened the organs of our empire and now threatens to blight the whole organism.

An all-important feature in the controversy which has arisen over the naturalization of German subjects is the utterly amoral view of it which underlies the attitude of the Kaiser's Government. According to these authorities, whose utterances and acts are decisive and final, a German, unlike every other subject, may swear allegiance to two states, of which

one is his Fatherland, without being bound by his oath to the other. Various reasons, including material interests, may, it is argued, make it desirable that he should acquire citizenship in a foreign land; and the Kaiser's Government, for the good of the empire, recognizes this necessity and facilitates the process by a law. This law, which was enacted in July 1913, authorizes the born German subject, having first made known his intention and motive, to swear allegiance to a foreign state without forfeiting, or intending to forfeit, the rights or escaping from the duties which flow from his German citizenship. Now this is a privilege which not even the Pope has ever claimed the faculty of according.

From the point of view of international law this double naturalization is inadmissible. Every individual in the community of nations is the subject of a certain state, and only of one, and whenever the interests of that state run counter to those of any other, he is bound legally as well as morally to promote the former to the best of his ability and means. The Teuton doctrine and practice are that Germans may insinuate themselves into a country, and in the guise of loyal citizens become conversant with its secrets, and then use them to its hurt. In the light of this law, which was a custom long before it became a statute, the number of Germans naturalized in various countries grew amazingly during the past fifteen years. In France, for example, where there were only 38,000 foreigners naturalized in the year 1896 and 65,000 in 1901, the figure reached 90,000 in 1906 and 120,000 five years later. And of these, four-fifths were Germans and Austrians. Many Germans first

became Swiss or British subjects in order the more easily to acquire the rights of Frenchmen. One in particular, named Wilhelm Hellpern, first became a Belgian, then as Willy Hellpern a British subject, and finally, with a view to obtaining a place on the Board of the Société Française de l'Industrie Chimique, applied for and received naturalization in France. This "Willy" Hellpern was a representative of the Central Gesellschaft für chemische Industrie.<sup>1</sup>

When war was declared in 1914 hundreds of Germans applied for papers of naturalization in Switzerland, and obtained them from various little Swiss communes which were in sore want of funds. Spies eager to place their machinations under the protection of Swiss citizenship found smooth ways to the desired goal. In the single canton of Zurich demands for naturalization rose from 260 during the nine months ending in October 1913,<sup>2</sup> to 732 in the corresponding nine months of 1915. Several cases of fraud were discovered during this rapid process of transforming foreign into Swiss citizens: one of the most salient being that of Friedrich Wilhelm Frank, a German who had taken out his naturalization papers in England and then decided to shake off his acquired British citizenship for that of the Helvetian Republic. As Frank had not been resident in Switzerland during the two years required by the law of that country he applied and paid for a false certificate of residence, and in this way achieved his object. But the trick was finally discovered and the naturalization cancelled.

We may protest as vigorously as we will

<sup>1</sup> Cf. *Hors du Joug allemand*, par Léon Daudet.

<sup>2</sup> The number for the entire year was 350.

against this infamous troth-mongering which is destructive of international relations, and indirectly of social intercourse, but no responsible government can afford to ignore the necessity of guarding against its consequences. For it is no ephemeral manifestation of temperament, nor the passing whim of a political party or a class. The law of double citizenship, coupled with a plenary indulgence for treason and perjury in the cause of the Fatherland, is but the solemn consecration of a principle which was long practised and is warmly approved by the entire German people. The Berlin Government publicly invoked it during the latter half of the year 1915, under circumstances which remove doubts on this score. On one and the same day in August that year all German official and non-official journals published a notice, which ran as follows: "It is alleged that in neutral countries, and particularly in the United States of America, men of German *extraction*" (the word *citizenship* is not used, but *extraction*), "are employed as workmen, engineers or in other capacities in the production of war munitions for our enemies. All those who thus reinforce the military strength of our foes, thereby make the prosecution of the war more difficult for Germany, and not only burden themselves with a heavy load of moral turpitude, but also expose themselves—and many of them are seemingly unaware of this—to the operation of the German laws which punish high treason."

In other words, subjects of, say the American Republic, who were born there of German parents or grandparents and never acknowledged any other government nor possessed



the citizenship of any other country, become guilty of high treason if they dare to avail themselves of the plenitude of the rights which that citizenship confers. They may not work for firms which supply the Allies because their fathers, or it may be only their grandfathers, happened to be Germans. The moral duties of German subjects still lie heavy on them, and they must execute the Kaiser's will to-day on pain of being dealt with as traitors to the Fatherland.

Monstrous principles and revolting procedure of this kind are calculated to kindle a blaze of indignation in people who realize their effects and set value on the boons of civilization or Christianity. They are among the many new ideas which Kultur has contributed to the stock of weapons destructive of modern society. One might term them the asphyxiating gases of German international politics. In keeping with these teachings and practices were the theft of foreign passports by the German Government which handed them over to spies, as in the case of Lody, who was executed in London in the early part of the war. Thus the binding force of moral and of human law is dissolved whenever it clashes with German national, military, or commercial interests. This dogma lies at the roots of Kultur.

By the time war was declared, Germany had stretched forth her tentacles into various lands and was draining the life-juices of many peoples. Her footing in Italy, Russia, Belgium and France was firm. Observant students of international politics fancied they could determine the approximate date when, if the then rate of progress were maintained, Germany's overlordship over Europe would be definitely

established and all armed conflicts on the Continent become thenceforth meaningless. They were all the more puzzled at what they set down as the egregious folly of jeopardizing the precious fruits of forty years' well-sustained labours by precipitating a tremendous conflict of doubtful issue. But besides the sudden temptation to utilize a conjuncture of exceptionally favourable promise, the leaders of the Teutonic nations felt moved to appeal to arms by certain slow, but steady, currents which threatened to change the situation to Germany's detriment in the space of another few years.

With the remoter causes of the Kaiser's fatal resolve, we are not now concerned. It may suffice to know that they were numerous and that the trend of their operation had been for a few months unmistakable. Time, which was working wonders for the Teuton in one direction, was raising up redoubtable enemies against him in another. For one thing Russia was becoming transfigured. The dry bones of the nation which the Germans often declared was good only as ethnic manure had had life and a soul breathed into them by the great agrarian reform of which the credit belongs to Witte and Stolypin. The latter statesman in a series of conversations had in 1906 opened his mind to me on the subject, and frankly avowed that the Government, having gone astray in its estimate of the Russian peasants who turned out to be revolutionary and anarchistic, was resolved to render them conservative by giving them land and an interest in the maintenance of law and order. That, he informed me, was the aim and origin of the agrarian law, and I expounded the theory, its

working and its anticipated consequences, in a series of articles published at the time.<sup>1</sup>

Down to the year 1861 the Russian serfs had been mostly bound to the soil. They were emancipated by Alexander II., who ordered each landowner to make over to the serfs as much of his landed property as was being actually cultivated by these. Wherever this amount seemed too extensive for the support of a family it was whittled down and the residue left with the landlord. Each of the various lots thus expropriated was given not to an individual, nor to a family, but to the village community. Each field was cut into as many strips as there were farms, and each farm had the use of one. Every year the peasants had to pay a certain sum to the landlord until the land was wholly redeemed, and liability for these payments, like the possession of the land, was common. Hence the drunkards and the lazy paid little or nothing. It was the community which decided when the sowing and when the reaping should take place. The results of this system were baneful. And little by little the more enterprising peasants who had no motive to improve the value of the land which they were allowed for a time to cultivate, migrated to the towns and joined the growing army of working men.

How long this state of things would have continued, if these immediate consequences had formed the only objection to it, is uncertain. But the Revolution of 1905-6 rendered it wholly untenable. The peasantry, on whom the Tsar and the Government counted for support, readily followed the lead of every anarchist and revolutionary who dangled the

<sup>1</sup> In the *Daily Telegraph*.

promise of free land before their eyes, and gutted or burned the manors of the landlords. With no conception of the sacredness, nor, indeed, of the nature of property, they seized what they could by force, and were gravely disappointed when it was re-taken from them by law. Stolypin's scheme, as he himself propounded it to me, was to enable the peasant to acquire the land he tilled, and not merely the scattered strips, but a compact farm capable of supporting himself and his family. And the system of collective liability for payments to the State was abolished, together with that of collective land-ownership.

This was in truth a genial reform, and the business-like way in which it was carried out did credit to the late Minister and the people. Even now it is far from completed, but already there are about six million peasant farms cut out and allotted. In European Russia approximately as many more remain to be apportioned. The effects of this innovation were rapid and encouraging. The value of the land rose enormously in consequence of the intenser culture and the increased yield. Under the old arrangement Russia's harvest of cereals was barely enough to feed the population inadequately, to supply seed and to enable a limited amount of produce to be exported. And as this limited amount was in practice often exceeded, the food supply of the peasantry was cut down in proportion. At present all this has changed for the better and changed to a greater extent than the outside world realizes. One of the consequences of this betterment, coupled with the decrease of drunkenness, is the greater purchasing power of the peasant and the growth of his requirements. So bene-

ficial and evident were the effects of this reform, that some patriotic Russians gladly saw their Government go to the very extreme of pliancy towards Germany rather than run the risk of a war and the danger of a break in this remarkable career of national regeneration. The process was noted and gauged by the Germans, who awakened to the fact that, in a few years more, the legend of Ilya Murometz would be exemplified in latter-day Russia, and a Colossus arise among the nations, which would hinder the tide of Teutondom from inundating Europe for all time.

Other considerations of a more pressing character weighed with the statesmen of the Wilhelmstrasse, whose survey of the international situation was, at any rate, comprehensive. Renascent Russia, for example, was, as we saw, resolved to withdraw from the German Empire the one-sided advantages accorded by the Commercial Treaty. And as this question would in any case become acute within two years, that date was one of the time-limits of the European war, and I ventured to designate it as such to two of the most prominent statesmen of the Entente in the month of March 1914. They both went so far as to say that my anticipation was extremely probable.<sup>1</sup>

However this may be, Germany, who works out her destinies by preventive wars, and therefore never leaves the initiative to her enemies or rivals, precipitated a conflict which would, she believed, break out in any case within a couple of years, and for which no more auspicious moment could be chosen than the end of July 1914, after the Kiel Canal had

<sup>1</sup> Count Witte went farther and fixed the end of 1915 as the date.

been made navigable for her largest battleships and the harvest ingathered.

The year and month of the historic event had been fixed by her leaders a considerable time in advance, as we now know from incontrovertible evidence. So, too, had the choice of method, which was in harmony with the usual formula, that Germany is never the apparent aggressor, and that it is her enemies who must be made to appear the partisans of preventive war.

The principle was thus laid down by Bismarck when he altered King Wilhelm's historic telegram from Ems: "Success essentially depends upon the impression which the genesis of the war makes on ourselves and others. It is important that we should be the party attacked."<sup>1</sup>

Finally, the very day was determined—and almost on the very eve it was changed to the following day.

In connection with the date and the method I have a curious tale to unfold which has never yet been recounted in western Europe. The incident in some respects bears an unmistakable resemblance to the story of Bismarck's forgery of the Ems telegram and is well worth relating<sup>2</sup> and remembering. The main features are as follows.

<sup>1</sup> *Bismarck: His Reflections and Reminiscences.*

<sup>2</sup> My authority for the story is the principal observer, who was also an actor in a part of this subsidiary little drama: A. I. Markoff, who at that time represented the semi-official Russian Telegraph Agency, as its head correspondent in Berlin. He himself told me the story in Stockholm and authorized me to make it known.

## CHAPTER VIII

### A MACHIAVELLIAN TRICK BY WHICH RUSSIA'S HAND WAS FORCED

THE world is now aware, although it can hardly be said to realize, how closely journalism approaches to being a recognized organ of the Imperial German Government. One of the most influential of the Berlin journals during the past ten years has been the *Lokal-Anzeiger*. This paper was founded by Herr Scherl, one of those clever enterprising business men who have been so numerous, active and successful in the Fatherland during the past quarter of a century. His journal was a purely business concern, carried on congruously with the law of supply and demand and keeping pace with the shifting requirements of the public and the strongest currents in the Government. It had long enjoyed the reputation of being a semi-official organ, and it was Herr Scherl's ambition that it should be formally promoted to that rank. In February 1914 he sold the paper to a group of four persons, two of whom were Herr Schorlmeyer and Count T. Winckler, and all four were members of the political party which looked for light and leading to the Crown Prince and his military environment. Thus the *Lokal-Anzeiger* became the organ of the progressive military party, which was exerting itself to the utmost to force the pace of the Government towards the one consummation

from which the realization of Germany's dream of world-power was confidently expected. Among the privileges accorded to the *Lokal-Anzeiger* from the date of its purchase for the behoof of the Crown Prince onward, was that of publishing official military news before all other papers, and not later even than the *Militär-Wochenblatt*. Consequently, it thus became the most trustworthy source of military news in the Empire. This fact is worth bearing in mind, for the sake of the light which it diffuses on what follows.

War being foreseen and arranged for, much careful thought was bestowed on the staging of the last act of the diplomatic drama in such a way as to create abroad an impression favourable to Germany. The scheme finally hit upon was simple. Russia was to be confronted with a dilemma which would force her into an attitude that would stir misgivings even in her friends and drive a wedge between her and her ally or else would involve her complete withdrawal from the Balkans. The latter alternative would have contented Germany for the moment, who would then have dispensed with a breach of the peace. For it would have enabled the two Central Empires to weld together the Balkan States and Turkey in a powerful federation under their joint protectorate, and would not only have simplified Germany's remaining task, but have supplied her with adequate means of accomplishing it against Russia and France combined. Great Britain's neutrality was postulated as a matter of course.

Congruously with this plan, Russia was from the very outset declared to be the Power on which alone depended the outcome of the crisis.



Upon her decision hung peace and war. On July 24, telegraphing from Vienna, I announced this on the highest authority,<sup>1</sup> with a degree of force and clearness which left no room for doubt as to the aims, intentions and preliminary accords of the two Central Empires. I stated that if in the course of the Austro-Serbian quarrel Russia were to mobilize, Germany would at once answer by general mobilization and war. For there will, then, I added, be no demobilization but an armed conflict. Before making that grave announcement, I had had convincing assurances and proofs that I was setting forth an absolute and irrevocable decision arrived at by the Central Empires on grounds wholly alien to the interests and issues which were then engaging the Austrian and Serbian Governments, and that a belligerent mood had gained a firm hold on the minds of the statesmen of Berlin and Vienna. Had that deliberate statement been subjected to adequate instead of the ordinary partial tests, the full significance of the crisis would have been realized by the Governments of the Entente.

In the course of the negotiations which were then hastily improvised, Germany, who strove hard to gain credit for the rôle of disinterested peacemaker, gradually revealed herself as the chief protagonist, whereas Austria was little more than a pawn in the game. Disguising her eagerness to provoke one of the two desired solutions, Russia's abandonment of Serbia or her declaration of war, Germany succeeded in misleading the Governments of France and Britain as to her real intentions.

While M. Poincaré was in the Russian

<sup>1</sup> On 24th July I received this official information. It was published on Monday, 27th.

capital proposing toasts and drawing roseate forecasts of the future, the German Ambassador in Paris, von Schön, was constantly in attendance at the Quai d'Orsay, endeavouring to impress on the minds of the Acting Minister and the permanent officials there, the sincerity of the Kaiser's eagerness for peace and the growing danger of Russia's aggressiveness. "You and we," he kept saying, "are the only Continental Governments which are aware of the magnitude of the issues and the imminence of the danger. You and we perceive the utter folly, the sheer criminality, of plunging Europe in the horrors of a sanguinary war for the sake of a petty state governed by regicides and assassins. What interests have you or we to risk the welfare of our respective nations for the behoof of the Serbian military party whose dreams of greatness border on mania? No, it behoves us both to do all that lies in us to calm Russia's passion and induce her to listen to the promptings of reason and self-interest. You, with the powerful influence which your friendship and alliance impart to your counsels, and we by dint of example, ought to succeed in averting this awful peril." In this tone, Herr von Schön delivered his daily exhortations and found some willing listeners. His specious pleading made a deep and favourable impression, and would perhaps have led to representations by the French Government calculated to wound the susceptibilities and perhaps estrange the sympathies of France's ally at the most critical hour of the alliance, had it not been for the presence at the Foreign Office of a man whose eye was sure and whose measurement of forces, political and personal, was accurate. That man was M. Berthelot. Gaug-

ing aright this insidious appeal to the centrifugal forces of the political mind, he turned a deaf ear to von Schön's suasive efforts and kept the ship of state on its course, without swerving. In this way what seemed to the Berlin politicians the line of least resistance was adequately reinforced and a formidable, because crafty, attack repulsed.

But besides attack, the Germans had also a problem of defence to engage their attention. And, curiously enough, it appears to have been particularly knotty in Austria. At that moment Count Berchtold was Minister of Foreign Affairs in name, but Count Tisza, the Hungarian Premier, was the man who thought, planned and acted for the Habsburg Monarchy. He it was who had drawn up the ultimatum to Serbia and made all requisite arrangements for co-operation with Germany. He was backed by the Chief of the General Staff, Konrad von Hoetzendorff, whose eagerness to provide an opportunity for displaying the martial qualities of the army was proverbial. But there were others in high places there who had no wish to see the Dual Monarchy drawn into a European war, and who would gladly have come to an agreement with Russia on the basis of such a compromise as Serbia's reply to the ultimatum promised to afford. Whether, as seems very probable, this current bade fair to gain the upper hand, it is still too soon to determine with finality. There are certainly many indications that this was one of the dangers apprehended in Berlin. Russia's moderation was another. And the interplay of the two might, had Germany held aloof, have led to a compromise. For this reason Germany did not stand aloof.

The date fixed for the German mobilization was July 31. The evidence for this is to be found in the date printed on the official order which was posted up in the streets of Berlin, but was crossed out and replaced by the words "1st of August," in writing, as there was no time to reprint the text. It had been expected in Berlin that Russia would have taken a decision by July 30, either mobilizing or knuckling down. Neither course, however, had been adopted. Thereupon Germany became nervous and went to work in the following way.

On Thursday, July 30, at 2.25 p.m. a number of newspaper boys appeared in the streets of Berlin adjoining the Unter den Linden and called out lustily: "*Lokal-Anzeiger* Supplement. Grave News. Mobilization ordered throughout the Empire." Windows were thrown wide open and stentorian voices called for the Supplement. The boys were surrounded by eager groups, who bought up the stock of papers and then eagerly discussed the event that was about to change and probably to end the lives of many of the readers. It does not appear that the Supplement was sold anywhere outside that circumscribed district. Now in that part of the town was situated Wolff's Press Bureau, where the official representatives of Havas and the Russian Telegraphic Agency sat and worked.

The correspondent of the latter agency, having read the announcement of the *Lokal-Anzeiger*, which was definitive and admitted of no doubt, at once telephoned the news to his Ambassador, M. Zverbeieff. During the conversation that ensued the correspondent was requested by the officials of the telephone

to speak in German, not in Russian. This was an unusual procedure. The Ambassador could hardly credit the tidings, so utterly were they at variance with the information which he possessed. He requested the correspondent to repeat the contents of the announcement, and then inquired: "Can I, in your opinion, telegraph it to the Foreign Office?" The answer being an emphatic affirmative, the Ambassador despatched a message in cypher to this effect to the Russian Minister of Foreign Affairs. For there could be no doubt about the accuracy of information thus deliberately given to the public by the journal which possessed a monopoly of military news and was the organ of the Crown Prince. The Russian correspondent also forwarded a telegram to the Telegraphic Agency in Petrograd communicating the fateful tidings.

Within half an hour the German Ministry of Foreign Affairs telephoned to Wolff's Bureau to the effect that the report about the mobilization order was not in harmony with fact, and it also summoned the *Lokal-Anzeiger* to issue a contradiction of the news on its own account. This was duly done, and so rapidly that the second Supplement was issued at about 3 p.m. The explanation given by the newspaper staff was that they were expecting an order for general mobilization and had prepared a special Supplement announcing it. This Supplement was unfortunately left where the vendors saw it, and thinking that it was meant for circulation seized on all the copies they could find, rushed into the streets and sold them. On many grounds, however, this account is unsatisfactory. Copies of a newspaper supplement containing such momentous news are not

usually left where they can be found, removed and sold by mere street vendors. Moreover, the date, July 30, was printed on the supplement, so that it was evidently meant to be issued, as a matter of fact it was circulated only in a very limited number of copies and in the streets around Wolff's Bureau, where it was certain to produce the desired effect.

Half an hour later the correspondent of the Russian Agency received a request to call at the General Telegraph Office at once. On his arrival he was asked to withdraw his two telegrams which the Censor refused to transmit. To his plea that so far as he knew there was no censorship in Germany he received the reply that it had just been instituted and now declined to pass his telegrams. "In that case," he said, "my consent is of no importance, seeing that the matter is already decided." Finally, he asked to have his messages returned to him, but they would consent only to his reading, not to his retaining, them.

The Russian Ambassador also despatched an urgent *message en clair* to his Government embodying the contradiction communicated by the Wilhelmstrasse.

Now, the significant circumstance is that the Ambassador's first telegram stating that general mobilization had been officially ordered throughout the German Empire was forwarded with speed and accuracy and reached the Russian Foreign Minister without delay. And this news was communicated to the Tsar, who by way of counter-measure issued the order to mobilize the forces of the Russian Empire. But the Ambassador's second telegram was held back several hours and did not reach its destination until the mischief was irremediable.

That curious incident is of a piece with the Bismarck's Ems telegram.

It is by such devices that the German Government is wont to launch into war. The mentality whence they spring cannot be discarded in a year or a generation, nor will any Peace Treaty, however ingeniously worded, prevent recourse being had to them in the future. For this, among other reasons, more trustworthy guarantees than scraps of paper must be sought and found.

## CHAPTER IX

### GERMAN PROPAGANDA IN SCANDINAVIA

THE same breadth of vision and efficacy of treatment were similarly rewarded in the Scandinavian countries, where German propaganda, ever resourceful and many-sided, was facilitated by kinship of race, language, folklore and literature. Of the three kingdoms Sweden, the strongest, was also the most impressible owing to the further bond of fellowship supplied by a common object of distrust—the Russian empire. Suspicion and dislike of the Tsardom had been long and successfully inculcated by the German Press, from which Sweden received her supply of daily news, and also, as is usual in such cases, by prominent natives who, in obedience to motives to which history is indifferent, employed their influence to spread suspicion. Sven Hedin rendered invaluable services in this way to the Kaiser and the Fatherland, throwing the glamour of his name over a movement of which the ultimate tendency was national suicide. Under the auspices of a prussophile minority of Swedish politicians, a few of whom were supposed to favour the establishment of an absolute monarchy like that of Prussia, a clever campaign against the Tsardom was inaugurated. Falsehoods were concocted, imaginary dangers conjured up and described as real, and sinister Russian designs against



the independence of Sweden and Norway were invoked as motives for energetic action. In vain the Tsar's Government protested its friendship for Sweden and disproved the poisonous calumnies circulated by the Germans.

In the discovery and arrest of a number of Russian military spies, who were as active in Sweden as in other lands, and whose relations with the Tsar's Military Attaché in Stockholm were said to be proven, these agitators found the few solid facts that served them as the ground-work of their fabric of suspicion and calumny.

The results of this propaganda answered the expectations of its German and Swedish organizers. Despite the quieting assurances given by the ex-Premier, the late Karl Staaff and M. Branting, Sweden's two foremost statesmen, the present population was thoroughly alarmed. They spontaneously taxed themselves for new warships, insisted that a non-recurring war-tax identical with that of Germany should be imposed by the State, and many called for the immediate adhesion of Sweden to the Triple Alliance.

One of the fixed points of Russia's policy, the Swedish agitators told their fellow-countrymen, is the acquisition of an ice-free port which can be utilized in winter. The Baltic ports do not answer this requirement, not only because they freeze in the cold season, but also, and especially, because the narrow Sound can be easily blocked by a hostile Power and Russia's ships bottled up in the Baltic. Hence the persevering efforts she made at first to get possession of the Dardanelles and obtain free access to the Mediterranean in war-time. More than once

she was on the very point of achieving success there, but lack of enterprise on the part of her statesmen or a sudden adverse change in the political conjuncture foiled this scheme, the realization of which was put off indefinitely. The Persian Gulf was the next object of her designs, but there, too, she encountered a diplomatic defeat. The third goal lay in the Far East, where a new Russian empire governed by a Viceroy and possessed of a promising capital, was founded with every prospect of good fortune. But here, again, defective statesmanship was followed by failure, and the campaign against Japan closed the Far Eastern chapter for a long while. Whither, it was asked, can Russia turn now? Recent events, M. Sven Hedin assured his countrymen, have already answered the query. Northwards. The great Slav Empire covets an ice-free harbour in Norway, and until this war broke out was busily engaged in compassing its end. At any future moment it may again start off on this enterprise. It is the duty of patriotic Swedes to thwart this nefarious project.

A Norwegian port, it is freely admitted, would not fulfil all Russia's requirements. It would, for instance, leave much to be desired from an economic point of view. The resources of the hinterland would be too scanty. The cost of transport would be too heavy. But strategically it would answer the purpose admirably. Now this conquest would not be achieved without invading and annexing a portion of North Sweden as well. For it would be impossible to keep and utilize such an acquisition without a hinterland containing factories, workshops, wharves, docks,

stores and a fairly numerous population which, in turn, would require corn, cattle, timber, etc. Is it credible, asked M. Sven Hedin, that the southern boundary of this back-land could be drawn further northwards than to the north of Ångermanland, Jämtland and Drontheim? At bottom, then, it is the annexation of a vast slice of Sweden proper that Russia has in view. Perhaps the first route of the Russian army would lie on the eastern bank of the rivers Torne-älf and Muonio-älf and lead to the Lyngen Fjord. How long would it stop there? Step by step it would move along the coast southwards to Drontheim. Then Norrland would be surrounded on three sides by Russians. "Later on they would tighten the noose and strangle our country. Are we to remain inactive during the course of events? . . . The Swede in general is aware of the existence of this danger and *knows* that it may come upon him at any moment as a reality."

In verity, no normal individual, acquainted with the political condition of Europe, can be said to know that the peril of a Russian invasion of Sweden exists or existed of late years. As a matter of fact, he knows that the contradictory proposition is true.

The symptoms of Russia's alleged designs on Norway and Sweden are as fantastic as the sweeping statements by which they are heralded. One of them was the order issued by the Russian Government to build a railway bridge over the Neva in Petrograd in order to link the Finnish railway with all the other stations which are situated on the opposite bank of that river, as though the Russian capital should be the only one in

Europe without a girdle railway and Finland the sole section of the empire cut off from all the rest! Another of these "infallible tokens" of Russia's machinations were the measures adopted to render the Finnish railways, and, in particular, the Oesterbotten line, capable of transporting Russian military trains, by enlarging the stations, strengthening the bridges and rails, and other kindred expedients. Further, a number of new lines were considered necessary from a strategic point of view, one connecting Petersburg with Wasa via Hiitola, Nyslott and Iyväskylä. Barracks were built or ordered in Fredrikshamn, Kouvala, Lahtis and other Finnish towns, or railway centres. All these precautions, however, are not only explicable without the theory that Sweden and Norway are to be invaded, but they ought to have been adopted long ago, say unprejudiced military authorities, in the interests of Russia's home defence. Yet M. Sven Hedin concluded his argument with the words: "When it has been further established that the transport of Russian troops to Finland has greatly increased—and it is affirmed that there are already about 85,000 soldiers there—and when we also bear in mind that for many years past Sweden and likewise Norway have been visited by so-called knife-grinders<sup>1</sup> from Russia, *no doubt can remain. Russia is making ready for an onslaught on the Northern kingdoms.*"

But long before Sven Hedin and his friends

<sup>1</sup> Several Russian "knife-grinders" are alleged to have been discovered in various parts of Sweden, moving from place to place, with maps of various districts and a good deal of money in their pockets. The Swedes declare that they are Russian spies.

had begun their campaign, the ground had been prepared from Berlin, the work of interpenetration had made great headway, and Germany was regarded by Sweden as an elder sister. For the economic invasion preceded the political. Statistics of foreign trade reveal the Teuton as the exporter to that country of over forty per cent. of the entire quantity of merchandise entering from abroad.<sup>1</sup>

Switzerland, whose position as a neutral oasis encircled by belligerents is fraught with difficulty, has long been treated as hardly more than an adjunct of the German empire, and many of the best Swiss writers, far from resenting this affront, welcome it as a compliment. Just as Americans occasionally write about "*the King*" when alluding to the British Sovereign, so the Swiss often fall into the way of describing the operations of "our army," "our cause," when alluding to the Kaiser's troops and German designs.

Several times during the progress of the war the conduct of Swiss organizations and individuals towards the two groups of belligerents aroused grounded misgivings in the minds of the French, British and Italians who asked only for the observance of strict neutrality. One remarkable instance of the pro-German leanings complained of was the absolute and persistent refusal of the Swiss to submit to reasonable restrictions respecting the sale to Germany and Austria of goods exported to Switzerland by the allied countries. This refusal was all the more significant that it came after the secret acquiescence in the

<sup>1</sup> The value of wares she sold to Sweden in 1911 is computed at 275,423,000 kronas as against 170,999,000 kronas' worth purchased from Great Britain.

more stringent limitations which had been imposed on them by the Germans. Thus two wholly different sets of weights and measures would appear to have been employed by the spokesmen of the little Republic in their dealings with the two groups of warring Powers. And it was always Germany who obtained preferential treatment.

This bias springs from causes which are stable and deep-rooted. The bulk of the Swiss people are frankly pro-German in their sympathies and their military chiefs side with the Teuton on most of those questions of principle which form the line of cleavage between him and the allied peoples. That the end justifies the means, is one of those axioms which the authorities of the Swiss Republic appear to have endorsed without hesitation. In the month of March 1916 two Swiss Colonels, Egli and de Wattenwyl, were tried on two charges which, if proved, would, it was somewhat hastily assumed, bring down severe retribution on their heads. It was alleged that they had communicated to the German military authorities important telegraphic messages intercepted on their way from the Allies. But the evidence adduced was deemed insufficient to bear out this indictment. The other charge was that they had regularly handed on the confidential bulletin of the Swiss General Staff to the military *attachés* of the Central Empires in Berne and only to them. And the count was proven to the satisfaction of the tribunal. Now this act admittedly constituted a breach of neutrality. Yet the Chief of the Swiss General Staff, Colonel Sprecher, defended the accused men on the singular ground that their

action—that is to say, a grave breach of neutrality to the detriment of the allied nations—was excusable because of the end in view, which was to gain in exchange useful information for the Intelligence Department of the War Office. This plea is based on the German military principle that the means are hallowed by the end.

It is some satisfaction, however, to note that in the Romande cantons of the Republic a series of protests have been made against the spirit of Prussian military amorality which, as the pleadings and the acquittal of the two officers showed, permeates the military circles of that little State whose very existence depends on its neutrality.

Kultur is widely diffused throughout the German-speaking cantons of Switzerland. The German Universities of the Republic are regarded and treated as Universities of the Fatherland and their professors interchanged. And when we further reflect that Germany exports to Switzerland goods to the value of 680,870,000 francs as against 347,985,000 exported by France, who stands second on the list, that German Universities and those of German Switzerland elect their professors indiscriminately from among candidates of both countries, and that German is spoken in Switzerland by more than 2,500,000 inhabitants as against 796,244 who use French—one cannot affect surprise at much that called for comment before the war and provoked mild depreciation throughout its first phase.

## CHAPTER X

### GERMANY AND THE BALKANS

FOR two decades the Balkan States and Turkey had been objects of Germany's especial solicitude. And with reason. For the part allotted to them in the plan for teutonizing Europe was of the utmost moment. The high road from Berlin to the Near East passed through Budapest and the Balkans. And Austria, as the pioneer of German Kultur there, kept her gaze fixed and her efforts concentrated on Salonica. Bulgaria's goodwill had been acquired through Ferdinand of Coburg, himself an Austro-Hungarian officer, and was maintained by Austria's energetic championship of Bulgaria's claims against Serbia. Counts Aehrenthal and Berchtold destined Bulgaria and Roumania to coalesce and form the nucleus of a permanent Balkan confederation to be patronized and protected by the Habsburgs.

But circumstance thwarted the design. And after the Balkan League had done its work and Turkey's grasp on Europe had relaxed, Bulgaria, in the person of Ferdinand, was brought to undo what without her lead could not then have been achieved, to fall foul of her allies and smash the coalition.

This incitement was unwelcome to many of Bulgaria's trusty leaders, who, much though they might grudge Serbia's successes and



rapid growth, were of opinion that Bulgaria would be ill-advised to break her connection with the Slav cause. But the leaders unexpectedly found that they were being led, and led away from the natural friends of Bulgaria by the German prince who had caused the death of Bulgaria's greatest statesman and made no secret of his contempt for the Bulgarian people generally. Ferdinand, assuming autocratic power, rendered this inestimable service to the Teutons and fastened the Bulgarian State to the Central Empires.

At some time before the outbreak of the war Ferdinand had struck up a compact with the Central Empires which bound Bulgaria to follow their lead. This he did at his own risk and on his own responsibility. I had grounds for believing in the existence of some such covenant a considerable time before the storm burst, but I had no tangible proof of it. In July 1914, however, I knew it for certain, but without having ascertained the particulars. When and by whom it had been signed, and what were the main stipulations agreed upon, still remained in the domain of speculation. I discovered, however, that Bulgaria's hands were tied; that her mourning for lost Macedonia would not last long; that the aims she pursued were the policy of the outlet on four seas, and the territorial separation of Greece and Serbia; that her rôle in the Peninsula was to be predominant; that she had been chosen to supplant Serbia as the leading Balkan State, and would pay tribute to the Central Empires in the shape of docility to and ready co-operation with them; and that Roumania would, if she continued to find favour in the eyes of the statesmen of

Vienna and Berlin, be associated with Bulgaria, but without attaining her rank or acquiring her power.

It has since been positively asserted by M. Filipescu, an ex-Cabinet Minister of Roumania, that "towards the mid-August 1914, when the treaty was concluded which bound Bulgaria to Germany, the Roumanian Minister in Berlin, M. Beldiman, had cognizance of this treaty and apprised the Roumanian Government of the fact."<sup>1</sup> M. Take Jonescu, the illustrious Roumanian statesman, has assigned a different date to the conclusion of the agreement, but confirmed the fact of its existence in the course of a conversation which has also been made public.<sup>2</sup> He stated that the King of Bulgaria, "who is swayed more by personal rancour than by the interests of his people, imposed his policy on them. He allied himself with the Germans as long ago as Spring 1914. The treaty was taken from Sofia to Berlin by an official of the Deutsche Bank."<sup>2</sup>

Whatever doubts may prevail respecting the exact date, the main fact is established—Ferdinand bound Bulgaria to the Central Empires.

Personal interest as well as State reasons determined him to place himself under Austro-German protection. It was at Austria's instigation that he had spurned the advice of his official advisers, treacherously attacked his allies and brought down defeat upon his armies and discredit upon himself. But the Habsburg Government had under-

<sup>1</sup> See *Le Temps*, October 31, 1915.

<sup>2</sup> Mr. M. Civinini of the *Corriere della Sera*. See *Corriera della Sera*, October 11, 1915.

taken to see him through the ordeal to which he was then subjected by his own people. The Treaty of Bucharest, which deprived Bulgaria of Kavalla and Salonica, left the wound to fester and Austro-Bulgarian friendship to harden into a definite alliance. None the less Bulgaria's friendship with the Central Empires was not openly manifested until the financial transaction was concluded between them which made Bulgaria the creditor of Austria-Hungary shortly before the outbreak of the war.

Economically, Bulgaria, like her neighbours, had long been a tributary of the Central Empires. German and Austrian interests were cunningly intertwined with Bulgarian in almost every branch of national life. The banks, financial houses, export firms, are all under Austrian or German control. In the army, too, despite its Russian training and traditions, there was a party of officers whose admiration for the war-lord ran away with their discretion. And the celebrated loan of half a milliard francs, which Austrian financiers undertook to advance to Bulgaria—on outrageously oppressive conditions—set the crown to the work of many years. This transaction was not intended by either party to be purely financial. Its political bearings were evidenced by the circumstances in which it was negotiated and the terms on which it was concluded. But the economic concessions insisted upon by Austria and conceded by Bulgaria constituted of themselves a convincing proof of the design to reduce the latter country to the position of one of the dependents of the Central Empires.

Of all the recognized agencies for pene-

trating international opinion, swaying international sentiment, and influencing international action, one of the most abiding and decisive is that of royal courts. Yet its value was not merely underrated by Britain, France and Russia, but was completely ignored. And Germany, whose diplomacy, in spite of its clumsiness and brutality, was far-sighted and assiduous in watching for and utilizing every opportunity of smoothing the way for the execution of the grandiose plan, purveyed almost every court and throne in Europe with kings, queens and princesses of its own. And those who were neither Germans by birth nor connected with Germans by marriage were influenced by education, by military training, or at least by a system of atmospherizing which, with certain striking examples before one, could be reduced to a few clear rules.

Roumania at the opening of the war was governed by a Hohenzollern prince who had linked the destinies of his country with those of Austria-Hungary as far back as the year 1880, and, having renewed the secret convention in 1913, which for him was no mere scrap of paper, convoked a crown council in August 1914 and proposed that Roumania should redeem his pledge and take the field against the enemies of the Central Empires. But King Carol's military ardour was not merely damped but choked by a recalcitrant cabinet.

That monarch's influence as a pioneer of Teuton Kultur in Roumania can hardly be exaggerated. An upright ruler, who discharged his duties conscientiously, the King reckoned among these the dissipation of native gloom by means of German light. And during his long reign he succeeded in spreading a net-

work of German economic interests throughout his realm which, while raising the material level of the nation, has reduced it to the position of a German tributary. It would be unjust to make this a subject of reproach to the monarch who acted up to his lights, but it would be a mistake to belittle the vast services thus rendered by a single individual to the Teuton race, or to overlook the degree of responsibility that attaches to the nations now banded together, and in especial to Russia, for the sequence of untoward phenomena which, now that they are not only seen, but felt, and felt painfully, we naïvely deplore.

King Carol's successor is also a Hohenzollern prince whose attachment to his Prussian fatherland is noted, whose relations with his kinsman, the Kaiser, are cordial, but whose devotion to his subjects is paramount. More than once since the opening of the campaign Roumania was believed to be on the point of exchanging neutrality for belligerency, but, on grounds which it would be unfruitful to discuss, she abandoned the intention, if she ever harboured it. As matters now are, the Allies are congratulating themselves on the circumstance that she is still neutral.

The Queen of Sweden is a daughter of the most imperialistic of German princes, the late Grand Duke of Baden and a cousin of the Kaiser, to whom she is attached by bonds of sympathy and admiration. And her consort the King, fascinated by the methods, the strivings, the achievements of the Hohenzollerns, has made more than one attempt to imitate them, but, owing partly to the opposition of the late Herr Staaff, and largely to his own mental and moral equipment, which

point in a different direction, he felt obliged to desist.

The accomplished Queen of the Belgians and the Tsaritsa of Russia are also both German princesses, but they form exceptions to the rule that whichever of any two spouses is German exercises an overmastering influence on the other. The Prince Consort of Holland, the Duke of Mecklenburg, is a German of the Germans, but through constitutional channels he can wield no political influence, and the attitude of the Dutch Government towards the Allies has been clear enough to need no elaborate exegesis.

The King of Bulgaria is an ex-officer of the Austro-Hungarian army, whose pro-German work and its far-resonant results will probably never be wholly forgotten by his own German people. For, as we saw, it has rendered them services that cannot be repaid. Not, indeed, that he had any coherent plan in his mind's eye, or was guided by any deep-seated moral principles. Politics were for him the art of the possible enlarged by the negation of the ethical. Ferdinand may, therefore, be described as an opportunist, who in current politics contented himself with following his nose. Of treaties and conventions he had signed a goodly number and broken some. Thus with Russia he had a secret agreement of a military nature, and also with Russia's rival, Austria-Hungary. With Serbia he had one set of stipulations, with Turkey another, but, shifty customer that he is, he had set himself above them all and was ever ready to follow the lead of personal interest. What the historian will accentuate is the deftness with which German diplomacy, for all its alleged clumsiness,

contrived to use his defects and his qualities alike for the furtherance of its own designs.

Love of country, like religious faith, is a respectable mainspring of action. But Ferdinand has been credited with neither. Whithersoever he moves one looks in vain for the guiding light of large ideas. Deeper than conscious volition lies the stored-up instinct of barren pettifogging egotism to which a fine moral atmosphere is deadly. Insincerity is second nature to him. He once boasted in my presence that he was a born actor, and it is fair to say that he played his rôles—repellent for the most part—as behoves a mummer. The astonishing thing is that he should have got influential politicians to take him seriously. While assuring the French deputy, M. Joseph Reinach, of his attachment to France and signing himself the European, he was writing to Professor Walter of Budapest offering "all the sympathies of the Bulgarian nation" to Hungary.<sup>1</sup> I have read ecstatic communications of his penned in hours of exaltation, when visions of Constantine's city, the mosque of Aya Sofia towering aloft, warmed his fancy and the sheen of Byzantine brocades and the quaint paraphernalia of bygone days inspired his apocalyptic words. His language in those telegrams and letters was highfaluting and bombastic. And I read other communications of his—mostly abject appeals for help—devoid of dignity and manliness, when the gloom of dissipated illusions was made unbearable by fear of dethronement and death. And the figure cut by the Tsarlet, who addressed those

<sup>1</sup> In September 1914. See *Morning Post*, September 4, 1914.

humble prayers—mostly to influential ladies—was despicable.

Ferdinand was swayed by ingrained hatred of Russia which was almost as potent as his contempt for the Bulgars. And he never made a secret of either. For the Turkish pasha who was responsible for the Bulgarian atrocities, which aroused Gladstone's indignation, Ferdinand's professed admiration took the form of a subscription.<sup>1</sup> But high above all motives that turned upon his feelings towards others were those that centred entirely in himself.

And he had cogent personal motives for cultivating cordial relations with the country of his birth. From the Austrian Government he expected to be saved from the necessity of abdicating and expiating his unwisdom. It was his inordinate ambition and vanity which had brought the Bulgarian nation to the very brink of ruin. He it was who had insisted on breaking off negotiations with Turkey during the London Conference and recommencing hostilities. In vain the Chief of the General Staff, Fitcheff,<sup>2</sup> besought him to conclude peace. The importunate military adviser was

<sup>1</sup> The Batak massacre of Bulgarians by order of Abdul Kerim Pasha had called forth Gladstone's pamphlet: *Bulgarian Atrocities*, and aroused the horror of civilized men. But the Hungarian aristocracy sympathized with the mass murderer, and presented him with a golden hilted sabre. The list of subscribers for this mark of aversion to the Bulgarian people can still be viewed in the Museum at Budapest. The third name on that list—Princess Clementine—is followed immediately by that of her son Prince Ferdinand of Coburg, who gave one hundred florins as a token of his admiration for the exterminator of his future subjects! It need hardly be added that he was not yet Prince of Bulgaria.

<sup>2</sup> General Fitcheff has since become Minister of War.



suddenly relieved of his duties and the second phase of the Balkan war begun. It was Ferdinand, too, who thwarted Russia's peace-making efforts, refused to send delegates to the tribunal of arbitration in Petrograd, and ordered the treacherous attack on the Serbs and the Greeks which culminated in Bulgaria's forfeiting some of the principal fruits of her heroic military exertions.

For this series of baleful blunders—to the Bulgars they were nothing more—Ferdinand was known to be alone responsible. He had assumed the sole responsibility, and he had hoped to gather in the lion's share of the spoils. And as soon as responsibility seemed likely to involve punishment, his Ministers withdrew and exposed his person to the nation. When, after the end of the second Balkan war, General Savoff repaired to Constantinople to better the relations between Bulgaria and Turkey, he invited a number of French and British journalists who happened to be just then in the capital, and he addressed them as follows: "It has come to my ears that in Sofia I am accused of being the person who issued the order to our army to attack our Allies and that I am to be tried for it. They will never dare to prosecute me. For I have here—" and he thumped his side pocket as he spoke—"the order issued by the real author of the war and in his own handwriting. He commanded me orally to do this, but I replied that I must have a written order from the Government. Thereupon he shouted: 'I am the supreme chief of the army and am about to give you the order in writing,' indited the behest and handed it to me. That is why he cannot prosecute me. I will show him up.

Already now I tell you, so that all may hear, *C'est un coquin, un misérable!*"<sup>1</sup>

That was General Savoff's summing-up of his august sovereign. And his forecast proved correct. Ferdinand did not attempt to lay the blame on him, still less to have an indictment filed against him. On the contrary, he kissed Savoff on his return to Sofia and later on made him his adjutant-general. Ferdinand's responsibility being established, his abdication was clamoured for by public opinion. His own estimate of his plight was impregnated with despair. He despatched the abject telegrams mentioned above to his influential friends. It was then that he received a letter signed by the three chiefs of the Liberal groups of the old Stambulovist Party—Radoslavoff, Ghennadieff and Tontcheff—and written, it has been alleged, after consultation between all four parties, exhorting him to reverse the national policy and link Bulgaria's fate with that of Austria. The Coburg prince publicly welcomed them, dismissed the Daneff Cabinet, handed the reins of power to the three self-constituted saviours of the dynasty and country, and the Treaty of Bucharest was signed in an offhand manner. The keynote of the policy of the new Cabinet was hatred of Russia, who was held up to public opprobrium by the press of Sofia as the mischief-maker who had betrayed Bulgaria; and as the nation thirsted for a culprit on whom to vent its rage, the legend obtained a certain vogue. At the same time emphatic assurances were given by Count Berchtold that Austria would upset the Treaty of Bucharest, break

<sup>1</sup> This narrative was published by M. Wesselitsky in the *Novoye Vremya*, November 6, 1915.

down the Serbian and Greek barriers that stood between Bulgaria and her natural boundaries, and establish Ferdinand and his dynasty more firmly on the throne. This prospect heartened the King and stimulated his fellow-workers.

But perhaps the most decisive factor in Bulgaria's attitude towards the Central Powers has been that of Russia towards Bulgaria. The Tsardom cherishes tender feelings towards the political entity which it called into being. Bulgaria is the creature of the great Slav people which shed its blood and spent its treasure in giving it life and viability, and has ever since felt bound to watch over its destinies, forgive its foolish freaks, and contribute to its political and material well-being. Congruously with this frame of mind, Russia has not the heart to deal with Bulgaria as she would deal under similar provocation with Roumania or Greece. Like the baby cripple, or the profligate son, this wayward little nation ever remains the spoiled child. Hence, do what harm she may to Russia, she is not merely immune from the natural consequences of her unfriendly acts, but certain to reap fruits ripened by the sacrifices of those whose policy she strove to baulk. Conscious of this immense privilege, she takes the fullest advantage of it. Under such conditions no stable coalition of the Balkan States was possible.

The remarkable ascendancy thus won by Germany over Bulgaria is but one of the salient results of her foresight, organization and single-mindedness which the Allies are now beginning to appreciate. Their ideal policy in the Balkans was to have none. Great Britain in particular was proud of her complete disinterestedness.

Between the Teutons and the Greeks there were no such close ties as those that linked Bulgaria to the Central Empires. The Hellenic kingdom is a democracy marked by a constant tendency to anarchy. Down to the beginning of the reign of the present monarch its ruler was never more than the merest figure-head, nor its people anything but an amalgam of individuals deficient in the social sense and devoid of political cohesiveness. The late King George, for instance, remained, to the end of his life, an amused spectator of the childish game of politics carried on by his Ministers; and so insecure did he consider his tenure of the kingship, that his frequent threat to "take his hat" and quit the country for good had become one of the commonplaces of Greek politics. Only a few years ago his reign appeared to be drawing to an ignominious end. His functions were usurped by a military league and his sons removed from the army. Anarchy was spreading, at that time I expressed the opinion that the only person capable of saving Greece—if Greece could yet be saved—was the Cretan insurgent, M. Venizelos. This suggestion appealed to the Chief of the Military League and was adopted. Venizelos was invited to Athens with the results known to all the world. At first reluctantly tolerated, he was subsequently highly appreciated by King George and was afterwards handicapped by King Constantine, whose impolitic instructions during the Bucharest Conference resulted in sowing seeds of discord between Greece and Bulgaria.

To small countries and petty personal ambitions, a war among the Great Powers brings halcyon days of flattery, bribery and seductive

prospects in an imaginary future. In Greece all these and other attractions were dangled before the eyes of men of power and influence. The Sovereign, whose admiration for the Kaiser verges on idolatry, soon extended this platonic sentiment to the Kaiser's army. And when fortune seemed definitively to espouse the cause of the Central Empires, his admiration was reinforced by fear and the pro-German leanings, which were at first merely platonic, bade fair to harden into active co-operation. It was not until then that the Entente Powers, discerning the fateful character of their errors and the trend of events, resolved after much hesitation and discussion to put forth an effort to retrieve the situation. Of his philo-German tendencies King Constantine gave several public proofs long before the war, and on the psychological soil from which they sprang, German diplomacy raised its typical structure of intrigue and adulation. As the irresistible captain who had shattered the armies of Turkey and Bulgaria, winning undying fame for himself and his country, the King was encouraged to believe that on him devolved the mission of uniting all Hellenes under his sceptre, building up a larger Greece, consolidating the monarchy within, and ruling as well as reigning. And so well laid was this plan that when the European armies took the field and the Entente Powers counted Greece, then apparently governed by Venizelos, among its cordial friends, the Teutons, sure of their ground, but still working assiduously for their object, put their trust in the Kaiser's royal henchman and their own permanent display of force, and were not disappointed.

Long before the war-cloud burst, the history

makers of Berlin recognized the fact that the key to the Dardanelles lay in Sofia, and not only to the Dardanelles, but also the key to the Near East. The statesmen of Austria and Germany discerned that the Bulgars under their guidance could be got to do for Turkey what Japan hoped, and still hopes, to effect for China. It is a work of complete transformation, a sort of political transubstantiation whereby the Bulgars would infuse ichor into the limp veins of the Ottoman organism and recreate a strong political entity which would be an instrument in the hands of the Central Empires. The Bulgar knows the Turk, to whom he is more akin by race habits and temperament than to any of the Slav peoples, understands his psychic state, his mode of feeling and thinking, and is therefore qualified to serve as link between the Oriental and the Western. It was in view of this eventuality that the slow, plodding work of grafting Kultur on the Bulgar people was undertaken. Two German schools, one in Sofia and the other in Philippopolis, were the centres whence it was radiated to the ends of the land. In Bulgaria there are many preparatory grammar schools in which tuition for both sexes is free. All scholars who have passed through one of the German schools are admitted without any examination into the Grammar School, or Gymnasium, a privilege which works as a powerful attraction. Since Turkey retroceded Karagatch<sup>1</sup> to Bulgaria there are three such centres of Teutonic propaganda in Bulgaria, and I am informed that a fourth will shortly be established in Rustschuk.

The record of the economic invasion of

<sup>1</sup> One of the suburbs of Adrianople ceded in July 1915.

Roumania by the Teuton,<sup>1</sup> supplemented as it was by various complex auxiliary movements of a political character, supplies us with a fresh variation of the trite text that Germany conceived her plan on a vast scale and executed it by co-operation between the State and the individuals, leaving nothing to chance which could be settled by forethought. The ruler of the country was a Hohenzollern, and as he wielded absolute power in matters connected with foreign policy, he had a free hand and kept it efficaciously employed. For over thirty years King Carol transacted the international business of the realm—economic as well as political—with assiduity, conscientiousness and a fair meed of success. He encouraged industry and commerce, and welcomed German and Austrian capital and enterprise. The upshot of his exertions was that in the fullness of time his kingdom, like those of Italy, Bulgaria and Turkey, became to most intents a nascent Teutonic colony. In Roumania, as in Bulgaria, the commercial methods and business ways are German. The heads of banking establishments and great industries are either Teutons or friends of Teutons. Nearly every big enterprise, commercial and industrial, was launched and kept afloat by capital from the Fatherland. The Discount Bank in Berlin has a vast cellar filled with Roumanian bonds, shares and other securities. So close are the ties that connect the little state with the great empire that even

<sup>1</sup> Roumania's annual imports from Austria-Hungary, according to the latest available statistics, were valued at 136,906,000 francs; from Germany at 183,713,000; and from Great Britain at only 85,470,000 francs. France exported thither goods valued at no more than 35,273,000 francs.

the Roumanian railways have a special convention with those of Prussia. Here, then, as everywhere else, we are in presence of intelligence wedded to politico-economic enterprise. Individual German firms and the Government worked hand in hand; diplomacy, trade and commerce moved steadily towards the same goal, and attained it.

Owing to Roumania's grievances against Russia—whose seizure of Bessarabia nearly forty years ago left a wound which festered for years and has only recently been cicatrized—King Carol concluded a military convention with the Austro-Hungarian empire, the stipulations of which have never been authoritatively disclosed. There is reason to believe that one clause obliged the Roumanian Government to come to the support of the Habsburg Monarchy with all its military resources in case that empire should be wantonly attacked by another Power. Whether this instrument, which was never laid before the Roumanian legislature for ratification, is deemed to have been vitiated by the lack of this indispensable sanction, or is assumed to have terminated with the decease of the king who concluded it, is a matter of no real moment. The relevant circumstance is the unwillingness of Austria-Hungary to invoke the terms of the convention and the resolve of the Bucharest Cabinet to ignore them.

Thus Roumania, like all other neutral states, was well within the sphere of attraction of the Central Empires long before the present conflict was unchained. And the clever tactics by which siege was laid to the sympathies of a nation which at bottom has hardly any traits in common with the besieger, would



have entailed a complete revision and remodeling of the polity of Russia, France and Britain, had these Powers had any coherent programme or distant aims. But their motto was : Sufficient unto the day is the evil thereof.

True, none of those States ever designed a political revolution of the Old Continent, such as Napoleon had imagined or Germany is now striving to realize. But neither did they read aright nor even give serious thought to the symptoms of the great conspiracy which was being hatched by others for that purpose. Busied with their party squabbles and social reforms, they took it for granted that international tranquillity which was a condition of the stability of all internal affairs was assured. Such occasional misunderstandings as might crop up among the Powers could, they imagined, always be smoothed over by manifestations of goodwill and timely concessions. Fitfulness and hesitancy marked every attempt made by Germany's rivals to push their trade or extend their political relations beyond their own borders.

This lack of enterprise was especially accentuated in their dealings with Turkey. No Powers had done so much to uphold Ottoman sway in Europe as France and Britain, and for a long while their exertions found their natural outcome in a degree of influence at the Sublime Porte which was unparalleled in Turkish history. But once Germany inaugurated her economico-political campaign in the Near East, the principle of neighbourliness was invoked in favour of allowing her to possess herself of a share of the good things going, whereupon Great Britain, and in a lesser degree France, curbed their natural impulse and left most of the field to the pushing new-comer. For years

the writer of these lines pointed out the danger of this self-abnegation, but his insistent appeals for a more active line of conduct were met by the statement that Near Eastern affairs had long ceased to tempt the enterprise or affect the international policy of Great Britain. As though Great Britain were not a member of the European community or her geographical insularity implied political isolation; or as if her policy of equilibrium were capable of being achieved without the employment of adequate means! When I raised my voice against our participation in the Baghdad railway scheme and bared to the light the political designs underlying it, Cabinet Ministers assured the country that its scope was exclusively economic and cultural and had no connection with politics! This naïve belief and the *laissez-faire* attitude which it engendered enabled the Teutons to reduce Turkey to economic and political thralldom and to earmark Asia Minor, thenceforward hedged in with the Baghdad and Anatolian railways, as a future German colony.

The closeness and constancy of the relations between economics and politics which easily took root in German consciousness, had for another of its corollaries the dispatch of General Liman von Sanders and his band of officers to reorganize the Ottoman army. This measure struck some observers as the beginning of the end of European peace. It was thus that the Russian Premier, Kokofftseff, and his colleague, Sazonoff, construed it, and that was the interpretation which I also put upon it. But none of the other interested Governments expressed similar misgivings, nor, so far as one can judge, entertained any. Yet when war was finally declared, Germany's plan of campaign allotted an

important rôle to Turkey not in a possible emergency, but at a date to be determined by the completion of her military and naval equipment.

In this ingenious and comprehensive way, operating at a multitude of points, but never dissociating economics from politics, never abandoning the work of commercial expansion to the unaided resources of individuals, the Teutonic empires contrived to spread a huge net in whose meshes almost every civilized nation was to some extent entangled. And the subsequent political conduct of many of these was determined in advance by the plight to which they had been thus reduced. Russia was reasonably believed to be incapable of taking the field; Italy was accounted wholly unfitted to bear the weight of the financial burden which a conflict with Germany would lay upon her shoulders; Roumania, it was calculated, would decline to exchange material gains for political returns purchased at a heavy cost; Bulgaria could not afford to estrange Austria's sympathies and need never fear that she might forfeit those of Russia; Sweden, saturated with German Kultur, was one of the foreposts of Teutonism in the north of Europe and might in time be induced to imitate Bulgaria and play for the hegemony of the Scandinavian States with the Kaiser's help; Switzerland was virtually German in everything but political organization; Holland would believe in Prussianism and tremble; Belgium was economically a pawn in German hands and Antwerp a German port; and in the United States millions of hyphenated Germans would plead the Teuton cause and do the rough work of advancing it by means of their political organization and influence.

## CHAPTER XI

### THE RIVAL POLICIES

IN face of this Teutonic control of the world's trade, politics and news supply, the Great Powers whose outlook, political and economic, was most nearly affected, exhibited a degree of supineness which can only be adequately explained by such assumptions as one would gladly eliminate. Anyhow the lessons conveyed by eloquent facts fell upon deaf ears. Yet it was manifest, in view of Germany's ingenious combination of economics and politics, and the irresistible co-operation of the State and individuals in applying it, that the slipshod methods of Britain and France could no longer be persisted in without grave danger to these states. To deal with trade and industry as though they were matters that concerned only the particular business firms engaged in them was no longer an economical error, it was also a political blunder. To Government meddling in trade and industry the British people have ever been averse. And their dislike is intelligible although no longer warranted. A glance at Germany's economic campaign and its results ought to have borne out the thesis that individual self-reliance and push are unavailing to cope with a potent organism equipped scientifically, provided with large capital and backed by the resources of diplomacy. New epochs call for fresh methods,

and the era of commercial and industrial individualism was closed years ago by the German people. Co-ordination of effort, the combination of politics with economics, and unity of direction were among Germany's methods in the contest, and she adopted them in the grounded belief that commerce and industry lie at the nethermost roots of the vast political movements of the new era.

This is a century of co-operation, of joint efforts for common interests, of union in trade, industry, labour, politics and war. To stand aloof is to be isolated, and isolation means helplessness against danger. Germany was the first Power to grasp these facts, to understand the new phase of life and to adapt herself to it. For this work of readjustment her people were specially endowed by Nature, and in their equipment for the task they saw a mark of election set upon them by their "old God." For the correlate of co-operation is talent for organization, and with this the Teutons are plentifully gifted. They feel impelled as it were by instinct to push forward much further on the road already traversed by all nations from isolation to individualism through gregariousness. They opened the new era of amalgamation by co-ordinating, on a vast scale, individual achievements, resources and labour, and directing them to a common end. The allied peoples were meanwhile content to muddle through in the old way. This difference explains much that seems puzzling in the outcome of the struggle.

It has been affirmed somewhat off-handedly that the Latin and British peoples, incapable of united and organized effort, have halted at

the individualist stage. They are supposed to lack the bump of organization. According to this theory among the Germans, who had passed through all the intermediate phases and carried individualism to sinister extremes in the past, a reaction set in which called forth the latent powers of organization which they possess. And these have been wielded with brilliant results ever since the unity of the German Empire was first established. Applying the new principle to politics, the statesmen of Berlin grasped the fact that all future conflicts in Europe would be waged by coalitions. Neither Austria-Hungary alone nor the German Empire alone could undertake a world war. That was the genesis of the scheme of welding the two central empires in one politico-military entity and then attracting as many other States as possible into their orbit. And the enterprise was conducted so ingeniously that when war was declared, Roumania, Bulgaria and Turkey were tied to the Triple Alliance. And henceforward, whatever the outcome of the war may be, the permanent fusion of Germany and Austria is a foregone conclusion.

By the means described a state of things, actual and potential, was established which rendered Germany's military attack on Europe much less hazardous and doubtful a venture than was at first supposed. For there was not a country on the globe which she or her ally had not subjected to the process of interpenetration, nor was there one which had remained wholly irresponsive. Even Brazil, Chili, Peru, China, Morocco, Persia, Abyssinia, had all experienced its effects. And when at last the harvest-time was come and

its fruits were to be ingathered Germany felt that she could count to varying extents on the active sympathy and support of governments, parliaments and nations; on the Turks, the Swiss, the Swedes, the Bulgarians, the Roumanians; on the autocratic ruler of the Greeks and on millions of American-Germans. Every independent religious centre was permeated with an atmosphere composed in Germany. The Caliph and the Sheikh-ul-Islam of the Moslems, the evangelical preachers of the Russian Baltic provinces, Brahmins in India, subjects of the Negus of Abyssinia, the Jews of western Russia and Poland, as well as those of the Netherlands, the Catholics of Switzerland, Holland and Italy, nay, the Vatican itself, raised their voices in the chorus of the millions who sang hosannah to the Highest.<sup>1</sup>

Dismay was the feeling aroused among the Allies by the quick dramatic moves which precipitated the war. The trump of doom seemed to have sounded at a moment when mankind was on the point of discovering the secret of immortality. The utter unpreparedness of the Allies was the dominant note of the new situation, and its manifestations were countless and disastrous. There was no adequate British expeditionary army to send on foreign service, and there existed no machinery by which such a force could quickly be got together and trained. Voluntary enlistment was a slowly moving mechanism, and even if it could be made to work more rapidly, there was no way of employing the new soldiers, for whom there were neither barracks nor

<sup>1</sup> The Highest of All is the official designation of the Kaiser : der Allerhöchste.

uniforms nor rifles in sufficiency. And if all these requirements could have been improvised, there were no generals accustomed to handle armies of millions. And even if all those wants had been supplied to hand there was no Government enterprising enough to put them to the best advantage of the nation. Moreover, colonial expeditions were the most extensive military operations which the country had carried on within the memory of the present generation, and it was beyond the power of the authorities not only to organize the imperial defences on an adequate scale but even to realize the necessity of attempting the feat. In a word, the prospect could hardly have been more dismal.

In France it was a degree less cheerless, but still decidedly bleak. Mobilization there went forward, it is claimed, more smoothly than had been anticipated, but not rapidly enough to enable adequate forces to be dispatched in time against the German military flood. The organization of the railway system was most inefficient. And had it not been for heroic Belgium, who, confronted with the alternatives of ruin with honour and safety with ignominy, unhesitatingly chose the better part, the inrush of the Teutons would, it is asserted by military experts, have swept away every obstacle that lay between them and the French capital, which was their first objective. Belgium's magnificent resistance thus saved Paris, gave breathing space to the French, and enabled the Allies to swing their sword before smiting.

Russia, too, did better than had been augured of her, but not nearly as well as if her resources had been organized by competent experts,



alive to the dangers that threatened the empire. On the eve of the war a process of fermentation among the working men of her two capitals was coming to a head, and a revolt, if not a revolution, was being industriously organized. The movement had certainly been fostered, and probably originated, by wealthy German employers in Petrograd, Moscow and other industrial centres. They had hoped to frustrate the mobilization order, retard Russia's entry into the field, and possibly bring about civil strife. And they were within an ace of succeeding. On the very eve of hostilities reports reached Berlin and Vienna that the revolution was already beginning. But the declaration of war against Germany purified the air, absorbed the redundant energies of the people, and fused all classes and parties into a whole-hearted, single-minded nation, giving Russia a degree of union which she had not enjoyed since Napoleon's invasion. But, separated from her allies, she went her own way without much reference to theirs. Her plans had been drafted by her military leaders, and might be modified by local conditions or subsequent vicissitudes, but were neither co-ordinated nor even synchronized with those of France and Britain. Thus the first and most important lesson had still to be mastered.

Liège and Namur having fallen, the danger to Paris struck terror to the hearts of the French, and the public mind was being gradually prepared by the Press to receive the depressing tidings of its capture with dignified calm. The occupation of the capital, it was argued, would not essentially weaken the military strength of the Republic. For the

army would still be intact, and that was the essential point. Here, for the first time, one notes the almost invincible force of the antiquated opinions to which the Allies still tenaciously clung about warfare as modified by Germany. No misgivings were harboured that the enemy might threaten to burn the capital city if the army refused to capitulate, or that he was capable of carrying out such a threat. War in its old guise, hedged round with traditions of chivalry, with humanitarian restrictions, with international laws, was how the French and their allies conceived it. And it was in that spirit that they made their forecasts and regulated their own behaviour towards the enemy.

The rise of Generals Joffre, Castelnau and Foch and the retreat of the German invaders raised the Allies from the depths of despair to a degree of confidence bordering on presumption. After the departure of the Belgian Government to Antwerp,<sup>1</sup> the occupation of Brussels,<sup>2</sup> the defeat of the Austrian army by the Serbs and the rout of three German army corps by the Russians,<sup>3</sup> the Western Allies conceived high hopes of the military prowess of the Slavs, and looked to them for the decisive action which would speedily bring the Teutons to their knees. And for a time Russia's continued progress seemed to justify these hopes. Her troops entered Insterburg<sup>4</sup> and pushed on to Königsberg, which they invested and threatened,<sup>5</sup> and in the south they scored a series of remarkable successes in Galicia. But in the west of Europe the

<sup>1</sup> August 17, 1914.

<sup>2</sup> August 20, 1914.

<sup>3</sup> August 22, 1914.

<sup>4</sup> August 23, 1914.

<sup>5</sup> August 29, 1914.

Allies could at most but retard without arresting the advance of the Germans, whose aim was to defeat the French and then concentrate all their efforts on the invasion of the Tsardom. Despite assurances of an optimistic tenor there appeared to be no serious hope of defending Paris, nor were effective local measures adopted for the purpose; and on September 3 the French Government, against the insistent advice of three experienced Cabinet Ministers, suddenly moved to Bordeaux, and earned for itself the nickname of *tournedos à la bordelaise*. On the same historic day the Tsar's troops triumphantly entered Lemberg, restored to that city its ancient name of Lvoff, and proceeded to introduce the Russian system of administration there with all its traditional characteristics. But in lieu of conferring full powers on the Governor of the conquered province, a man of broad views and conciliatory methods, the Government dispatched a narrow-minded official, devoid of natural ability, of administrative training, and of the sobering consciousness of his own defects, and listened to his recommendations. For Russia, like France and Britain, still contemplated the situation and its potentialities through the distorting medium of the old order of things. Their orientation had undergone no change.

One of the immediate consequences of Russian rule in Galicia was to confirm the Vatican in its belief that Austria offered Catholicism far more trustworthy guarantees for its unhindered growth than could ever be expected from the Tsardom.

The famous battle of the Marne<sup>1</sup> infused

<sup>1</sup> September 12, 1914.

new energies into the Allies, whose Press organs forthwith took to discussing the terms on which peace might be vouchsafed to the Teutons, and in these stipulations a spirit of magnanimity was displayed towards the enemy which at any rate served to show how little his temper was understood and how enormously his resources were underrated. Soon, however, the mist of ignorance began to lift, and saner notions of the stern interplay of the tidal forces at work were borne in upon the leaders of the allied peoples. One of the first discoveries to be made was the enormous consumption of ammunition required by latter-day warfare and the ease with which the Germans were able to meet this increased demand. That this enormous advantage was the result of scientific organization was patent to all. Nor could it be ignored that an essential element of that organization was the militarization of all workmen whose services were needed by the State. But from the lesson thus inculcated to its application in practice there was an abyss. And as yet that abyss has not been bridged. The most formidable obstacle in the way is offered by the shackles of party politics, which still hamper the leaders of the Entente Powers, and in particular of Great Britain. Industrial compulsion has not yet been moved into the field of practical politics.

One of Germany's calculations was that, however superior to her own resources those of her adversaries might be, they were not likely to be mobilized, concentrated and brought to bear upon the front. Consequently they would not tell upon the result. Military discipline had not impregnated any of the

allied nations, whose ideas of personal liberty and dignity would oppose an insurmountable obstacle to that severe discipline which was essential to military success. Great Britain, they believed, would cling to her ingrained notions of the indefeasible right of the British workman to strike and of the British citizen to hold back from military service. And the telegrams announcing that in the United Kingdom the cries of "business as usual," "sport as usual," "strikes as usual," "voluntary enlistment as usual," indicated the survival of the antiquated spirit of individualism into a new order of things which peremptorily called for co-operation and iron discipline, were received in Berlin and Vienna with undisguised joy. The persistence of this spirit has been the curse of the Allies ever since.

## CHAPTER XII

### PROBLEMS OF LEADERSHIP

It is worth noting in this connection how heavily the lack of genial leaders at this critical juncture in European history told upon the allied peoples and affected their chances of success. The statesmen in power were mostly straightforward, conscientious servants of their respective Governments, whose ideal had been the prevention of hostilities, and whose exertions in war time were directed to the restoration of peace on a stable basis. By none of them was the stir, the spirit, the governing instincts of the new era or the actual crisis perceived. They all failed of audacity. Hence they were solicitous to leave as far as possible intact all the rights, privileges and institutions of the past which would be serviceable in the re-established peace régime of the future. In Great Britain the voluntary system of recruiting the army and navy was to be respected, the right of workmen to strike was recognized, and the maintenance of party government was looked upon as a matter of course. The writer of these pages made several ineffectual attempts to propagate the view that a War Cabinet presided over by a real chief was a corollary of the situation, military and industrial compulsion for all was indispensable, that a discriminating tariff on our imports and a restriction of certain exports

would materially contribute to our progress, and that a special department for the manufacture of munitions ought to be organized without delay.<sup>1</sup> One measure indicative, people said, of undisputed wisdom which was resorted to was the appointment of Lord Kitchener as Secretary for War.<sup>2</sup> If this step deserved the fervent approval it met with, its efficacy was considerably impaired by imposing on the new Secretary the task of purveying munitions and other supplies, in addition to the multifarious duties of his office. And with this solitary exception everything was allowed to go on "as usual," with consequences which every one has since had an opportunity of meditating. Internal whole-hearted co-operation between the Government and all the social layers of the population was neither known nor systematically attempted, and still less were the respective forces of the Allies co-ordinated and hurled against the enemy. The struggle was confined to the army and the navy, and these instruments of national defence were inadequately provided with the first necessities for action.

Each of the Allies was isolated, cooped within its own narrow circle of ideas, buoyed up by its own hopes, bent on the attainment of its own special aims. The first step towards amalgamation was negative in character, but superlatively politic. It took the form of a covenant by which it was stipulated that none of the Allies should conclude a separate peace

<sup>1</sup> Cf. *Contemporary Review*, November 1914. I was requested to suppress an article on the subject of "Coalition Government" and another on the subject of "Tariff Reform during and after the War."

<sup>2</sup> August 5, 1914.

with the enemy. But beyond that nothing was done, nor was anything more considered necessary.

In Britain the consciousness that the country was at war spread very slowly, while the conviction that this was a life-and-death struggle which would seriously affect the lives and rights and habits of every individual made no headway. Only a few grasped the fact that a tremendous upheaval was going forward which marked the rise of a new era and a complete break with the old. By the bulk of the population it was treated as a game calling for no extraordinary efforts, no special methods, no new departures. It was construed as a hateful parenthesis in a cheerful history of human progress, and the object of the nation was to have it swiftly and decently closed. Hence the machinery of the old system was not discarded. Voluntary enlistment was belauded and agitation against joining the army magnanimously tolerated. Attacks on the Government were permitted. The manufacture of munitions was confided to private firms and to the whims of dissatisfied workmen, and co-operation among the various sections of the population was left to private initiative.

Most of us are prone to consider this war as a fortuitous event, which might, indeed, have been staved off, but which, having disturbed for a time the easy movement of our insular life, will die away and leave us free to continue our progress on the same lines as before. But this faith is hardly more than the confluence of hopes and strivings, habits, traditions, and aspirations untempered by accurate knowledge of the facts. And the



facts, were we cognizant of them, would show us that the agencies which brought about this tremendous shock of peoples without blasting our hopes or exploding our pet theories, will not spend their force in this generation or the next, and that already the entire fabric—social, political, and economical—of our national life is undergoing disruption.

The shifting of landmarks, political and social, is going steadily if stealthily forward; and the nation waking up one day will note with amazement the vast distance it has imperceptibly traversed. If only we could realize at present how rapidly and irrevocably we are drifting away from our old-world moorings, we should feel in a more congenial mood for adjusting ourselves to the new and unpopular requirements of the era now dawning. Already we are becoming a militarist and a protective State, but we do not yet know it. We have broken with the traditions of our own peculiar and insular form of civilization, of which poets like Tennyson were the high priests, yet we hesitate to bid them farewell. We still base our forecasts of the future political life on the past and calculate the outcome of the next elections, the fate of Disestablishment and Home Rule, the relative positions of the chief Parliamentary parties on the old bases, and draw up our plans accordingly. In short, we still bear about with us the fragrant atmosphere of our previous existence which will never be renewed. And it is owing to the effects of that disturbing medium that our observations have been so defective and our mistakes so sinister. We still fail to perceive that decay has overtaken the organs of our Party Government and the groundwork of our

State fabric is rotten. Yet everything about and around us is in flux. We are in the midst of a new environment.

When this war is over we shall search in vain for what was peculiarly British in our cherished civilization. Of that civilization which reached its acme during the reign of the late King Edward, we have seen the last, little though most of us realize its passing. It was an age of sturdy good sense, healthy animalism, and dignity withal, and not devoid of a strong flavour of humanity and home-reared virtue. But in every branch of politics and some departments of science it was an age of amateurism. Respect for right, for liberty, for law and tradition, for relative truth and gradual progress, was widely diffused. Well-controlled energy, responsiveness to calls on one's fellow-feeling, and the every-day honesty that tapers into policy were among its familiar features. But if one were asked to sum it all up in a single word it would be hard to utter one more comprehensive or characteristic than the essentially English term, comfort. Comfort was the apex of the pyramid which is now crumbling away. And it is that Laodicean civilization, and not the fierce spirit of the new time, which is incarnate in the present official leaders of the British nation.

The French, too, approached the general problem from their own particular standpoint. Provided with a serviceable military organization, the same unconsciousness of the need of mobilizing all the other national resources pierced through their policy. Parties and factions subsisted as before, and half-way men who would have been satisfied with driving the enemy out of France and Belgium

lifted up their voices against those who insisted on prosecuting the war until Prussianism was worsted. The French Socialists met in London<sup>1</sup> and passed resolutions in which the usual claptrap of the war of classes, the boons of pacifism and the wickedness of the Tsardom occupied a prominent place. And the Congress was honoured by the presence of two Cabinet Ministers, MM. Guesde and Sembat.

Russia, true to her old self, carried the narrow spirit of the bureaucracy into the fiercest struggle recorded by history, seemingly satisfied that the clash of armies and navies would leave antiquated theories and moulding traditions intact. When the revolutionist Burtzeff published his patriotic letter to the French papers approving Russia's energetic defence of civilization, he was applauded by all Europe. "Even we," he wrote, "adherents of the parties of the Extreme Left and hitherto ardent anti-militarists and pacifists, even we believe in the necessity of *this* war. The German peril, the curse which has hung over the world for so many decades, will be crushed." Yet when he returned to his country resolved to support the Tsar's Government and lend a hand in the good work, he was sent to Siberia, in commemoration of the old order of things.

Germany alone took her stand on the new plane and accommodated herself to the new conditions. Thoroughness was her watchword because victory was her aim, its alternative being coma or death. With her gaze fixed on the end, she rejected nothing that could serve as means.

<sup>1</sup> February 1915.

In congruity with these divergent views and sentiments was the reading of the war's vicissitudes in the various belligerent countries. The allied Press was over-hopeful, right being certain to triumph over might wedded to wrong. Publicists pitied the Teutons in anticipation of the fate that was fast overtaking them. Pæans of victory resounded, allaying the apprehensions and numbing the energies of the leagued nations. The German, it was asseverated, had shot his bolt and was at bay. Russia had laid siege to Cracow, and would shortly occupy that city as she had occupied Lemberg. The Tsar's troops might then be expected to push on to Berlin, and to reach it in a few months. And, painfully aware of the certainty of this consummation, Austria was dejected and Hungary secretly making ready to secede from the Habsburg Monarchy. To this soothing gossip even serious statesmen lent a willing ear. The writer of these remarks was several times asked by leading personages of the allied Governments whether internal upheavals were not impending in Germany and Austria, and his assurance that no such diversion could be looked for then or in the near future was traversed on the ground that all trustworthy accounts from Berlin, Vienna and Budapest pointed to a process of fermentation which would shortly interpose an impassable barrier to the further military advance of the Central empires. But he continued to express himself in the same strain of warning, which subsequent events have unhappily justified.

In October 1914, for instance, he wrote—

“ Germany has already shot her bolt, people

tell us. Already? The people who for forty years have been preparing to establish their rule from Ostend to the Persian Gulf have expended their energies after three months of warfare? And the concrete foundations built at such pains and expense in the German factory that dominates Edinburgh? Was the Teuton simple-minded enough to fancy that he would be in a position to utilize this and the other emplacements for his giant guns within three months after the outbreak of hostilities? Let us be fair to our enemy and just to ourselves. The German has not shot his bolt. If time is on our side, it will also remain on his up to a point which we have not yet reached. Those who urge that the German must make haste imply that his resources are gradually drying up, and that neither his food supplies, nor his chemicals, nor his metals can be imported so long as we hold command of the seas. His armies will therefore die of inanition, or their operations will be thwarted for lack of munitions. This would indeed be joyful tidings were it true. If false, it is a mischievous delusion.

“We are told that the German time-table has been upset. Unquestionably it has. But is the time-table identical with the programme for which it was drawn up? If it is, then the march on Paris has been definitely abandoned. Now is this conclusion borne out by what we behold? What, then, is the meaning of the plan to capture Belfort and Calais? What is the object of the vast reinforcements now on their way from the east to Von Kluck’s army? Personally, I have not a doubt that Paris is the objective, or that the Germans are still striving to carry out their programme in its

entirety, which is the extension of their empire over Europe and Asia Minor. The immediate object of the Allies is to foil this design, and only after we have accomplished that can we think of assuming the offensive and crushing Prussian militarism. We have not compassed that end; the battlefields are still in the Allies' countries, and the initiative rests with the enemy. Now to whatever causes we may attribute this undesirable state of things—and it certainly cannot be ascribed to lack of energy on the part of the British Government or our military authorities—it is right that those who are acting for the nation should ask themselves whether those causes are still operative. If they are—and on this score there is hardly room for doubt—it behoves the Allies, and the British people in particular, to rise to a just sense of the *unparalleled sacrifices* they must be prepared to make during the ordeal which they are about to undergo."

The German way of looking at the relative strength and positions of the belligerents as modified by the vicissitudes of the campaign was realistic and statesmanlike. Starting from the principle that a people of about a hundred millions, animated by a lively faith in its own vitality and mental equipment, can neither be destroyed nor permanently crippled, they argued that the worst that Fate could have in store for them would be a draw. But before that end could be achieved the Teutonic armies must have been pulverized and Germany and Austria occupied by the allied troops. And of this there were no signs. "We never fancied," they said, "that what happened in 1870 would be repeated in 1914.

How could we make such a stupid mistake? Then we had only France against us. To-day we encounter the combined forces of Russia, France, Belgium and England. This difference had to have its counterpart in the campaign. Thus we have not yet captured Paris. But then to-day we are wrestling with the greatest empires in the world, and we hold them in our grip. We are fighting not for a few milliard francs and a disaffected province, but for priceless spoils and European hegemony. Moreover, Belgium, which we possess and mean to keep, is a greater prize than the temporary occupation of Paris. Besides, postponement is not abandonment. Whether we take the French capital one month or another is but a detail.

“And, over and above all this, we have reached the sea and are within a few miles of England’s shores. Furthermore, Russia’s army, which we lured into East Prussia until it fancied it was about to invest Königsberg, has been driven back beyond Wirballen far into Tsardom, with appalling losses of men and material. Her other forces, which several weeks ago boasted that they were about to capture Cracow, will soon be driven out of Przemysl and Lemberg. Libau will fall into our hands. Riga is sure to be ours, and Warsaw itself will finally admit our victorious troops. Does this look like defeat at the hands of our enemies? And German soil is still as immune from invasion as though it were girded by the sea.”

In all our forecasts one important element of calculation was invariably left out of account: the consequences of our blunders, past, present and future. And these have added enormously

to our difficulties and dangers. Not the least made was the mistake in allowing the two German warships *Goeben* and *Breslau* to enter the Dardanelles. To have pursued them into Ottoman waters would, it was pleaded in justification, have constituted a violation of Turkish neutrality. Undoubtedly it would, but the infringement would not have been more serious than many flagrant breaches of neutrality which the Sublime Porte had committed a short time before and was known to be about to perpetrate again.<sup>1</sup> But a scrupulous regard for the rights of neutrals has been, and still is, the groundstone of the Allies' policy, irrespective of its effects on the outcome of the war. The rules of the game, it is contended, must be observed by us, however much they may be disregarded by the enemy. This considerateness and scrupulosity may be chivalrous, but they form an irksome drag on a nation at war with Teutons. The two ships were at once transferred by Germany to the Turks.<sup>2</sup> Some two months later, deeming their war preparations completed, the latter suddenly bombarded the open Russian town of Theodosia in the Black Sea, and sank several small craft, thus realizing Germany's hopes and justifying her politico-economic policy. It was now too late to lament the chivalrous attitude which had permitted the *Goeben* and

<sup>1</sup> Turkey had already violated her neutrality to our detriment many times. For instance, on September 25 she had erected military works against us on the Sinai frontier; as far back as August 25 Turkish officers had seized Egyptian camels laden with foodstuffs. Moslem fidahis in Ottoman service endeavoured to incite the Egyptian Mohammedans against the British Government during the first half of October.

<sup>2</sup> August 13, 1914.



the *Breslau* to steam into the Dardanelles, or to regret the indifference we had persistently displayed to Near Eastern affairs for well-nigh twenty years. The best that could be done at that late hour was to face the consequences of those errors with dignity and to strive to repair them with alacrity. But all the efforts made were partial and successive. There was no attempt at co-ordination.

Turkey's defection was a serious blow to the allied cause, not only in view of the positive, but also of the negative, advantages it was calculated to confer upon Germany. The Ottoman army, consisting of first-class raw materials, had had its latent qualities unfolded and matured by German organization, discipline and training. Its supplies were replenished. Ammunition factories were established. Barracks were built and fortifications equipped in congruity with latter-day needs. Three million pounds of German bar gold reached Constantinople, and were deposited in the branch offices of the Deutsche Bank there for the requirements of the army. In all this the Kaiser's Government ran no risks. The return was guaranteed by the politico-economic measures which had been continuously applied during the years of our "disinterestedness."

Enver had meanwhile risen to the zenith of his career. He was now War Minister and had surrounded himself with officers who would follow him whithersoever he might lead them. A low-sized, wiry man, seemingly of no account, Enver is pale of complexion, shuffling in gait. His eyes are piercing, and his gaze furtive. A soul-monger who should buy him at his specific value and sell him at his own estimate would earn untold millions. For, to use a

picturesque Russian phrase, the ocean is only up to his knees. He is physically dauntless and buoyant. In the war against Italy he had fought well and organized the Arab and other native troops under conditions of great difficulty, winning laurels which have not yet withered. A Pole by extraction, Enver Pasha is a Prussian by training and sympathies, and a Turk by language and religion and by his marriage with a daughter of the Sultan. Political sense he has none. His one ideal was to earn the appreciation of the Prussian military authorities, to whom he looks up as a fervid disciple to peerless masters. German military praise melts his manhood and turns his brain. He possesses a dictatorial temper with none of the essential qualities of a dictator, and in the field he is distinguished, I am told, by splendid valour without an inkling of scientific strategy.

It was that Polish Turk and his German masters who formally made war upon Russia, France and Britain.<sup>1</sup> And the Turkish nation had no opportunity to sanction or veto their resolve. Nay, even the majority of the Cabinet, including the Grand Vizier, had had no say on the issue, were not even informed of what was being done until overt acts of hostility had actually clinched the matter. Indeed, there was a majority of Cabinet Ministers in favour of neutrality, but it was ignored. In this way Turkey threw in her lot with the Teutons,<sup>2</sup> to the astonishment

<sup>1</sup> November 3, 1914.

<sup>2</sup> On October 25, 1908, after having studied the origins of the Turkish Revolution and the antecedents of its authors, and while all Europe was still warmly congratulating the Young Turks on their bloodless victory

of the Allies, who had hoped that a policy of forbearance and meekness would elicit a friendly response and frustrate the effect of the master strokes by which Germany, during a long series of years, had consolidated her ascendancy over Turkey and obtained the command of the Ottoman army. The childish notion that a sudden exhibition of pacific intentions and goodwill is enough to foil the carefully laid schemes of a clever enemy which have been maturing for decades, is the refrain that runs through the history of our foreign policy for the last thirty or forty years. And not only through the history of our foreign policy. Faith in the sacramental efficacy of an improvisation is a trait common to all the Allies, but in the British nation it is the faith that is expected to move mountains.

The negative aspect of Turkey's belligerency proved to be quite as irksome as the positive. For it involved the closing of the Dardanelles to Russia's corn export and the disappearance

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and moderation, I dispatched the following telegraphic message to the *Daily Telegraph*—

“Most unwillingly do I give utterance to facts and impressions calculated to introduce a jarring note into the harmonious optimism of Western peoples, who confidently augur great things of the young Ottoman nation, and discern no difficulties likely to become formidable dangers to the new-born State. But a knowledge of all the essential data is indispensable to correct the diagnosis without which the malady cannot be successfully treated. Emancipation, then, has produced a beneficent enthusiasm for the political ideals of Europe in minds hitherto impermeable to Western notions, but has neither transformed the national character nor supplied the revolutionary movement with the requisite constructive forces. *Neither can it break the fateful continuity of Turkish history nor avert the defects of the destructive causes that have been operative here for generations.*”

of the principal route for communications between the Tsardom and its Western allies. Archangel is blocked in winter and inadequately connected by rail with the two capitals in summer. This additional embarrassment and its financial sequel compelled the attention of the Allies to the need of some kind of cooperation—just to satisfy actual needs. For neither then nor at any subsequent period was there any pretence of laying open the whole ground and building a complete structure upon that. A temporary expedient is all that was contemplated, and nothing more lasting was evoked. None the less, the Conference of the three Finance Ministers in Paris<sup>1</sup> marked a step in advance, and was subsequently followed up by a closer and more continuous contact.

<sup>1</sup> February 6, 1915, and the following three days.

## CHAPTER XIII

### PROBLEMS OF FINANCE

FINANCES are the nerve of warfare, and in a contest which can be decided only by the exhaustion of one of the belligerents they are, so to say, the central nerve system. The Germans being astute financiers, and aware that the war to which their policy was leading would soon break out, had made due preparations, with a surprising grasp of detail. Nothing was forgotten and nothing neglected. And success rewarded their efforts. The result was that they mobilized their finances long before they had begun to mobilize their troops.

France, on the contrary, persuaded that peace would not be disturbed, took no thought of the morrow. Yet her budgetary estimates showed an ugly deficit. This gap, however, would have been filled up in the ordinary course of things by a big loan which was about to be floated. But M. Caillaux, probably the most clever financier in France, who, if he applied his knowledge and resourcefulness to the furtherance of his country's interests, could achieve great things, used them—and together with them his parliamentary influence—to upset the Cabinet and thwart the loan scheme. Then, taking over the portfolio of the Finance Minister in the new Cabinet, he arranged for borrowing a small instead of a large amount, thereby exposing his country to risks more

serious than the public realized. For it was a heavy disadvantage on the eve of the most exhausting struggle ever entered upon by the French people, whose strongest position was weakened as no enemy could have weakened it.

Russia was in a different, but nowise better, position when suddenly called upon to meet the onerous demands of the world-contest. She, too, having pinned her faith to the maintenance of peace, had made no preparations for war, financial or military. Moreover, a considerable sum of her money was at the time deposited in various foreign countries, and especially in France, for the service of her loans and the payment of State orders placed with various firms. This money, on the outbreak of hostilities, was automatically immobilized by the moratorium, although the delicate question whether a moratorium can be legally applied to sums thus deposited by a foreign Government has not yet been decided with finality. As a matter of fact, Russia's deposits remained where they were, and could not be utilized. The consequences of this embargo were irksome, and for a time threatened to become dangerous. Little by little, however, these restrictions were removed, partly by the French Government and partly by the spontaneous efforts of the banks.

France, too, suffered in a like way from the paralyzing effect of the moratorium. For the French had no less than half a milliard francs lent out at interest for short terms in Russia. This sum could, as it chanced, have been refunded at once without inconvenience, seeing that it was liquid in the banks of Petrograd, Moscow, Warsaw, and other cities of the Tsardom. But as the money was in Russian roubles,

and all international exchange had ceased, it too was incapable of being converted into francs. Thus the two allies, although really flush of money, were undergoing some of the hardships of impecuniosity, and to extricate them from this tangle was a task that called for the exercise of uncommon ingenuity. This happily was forthcoming.

But that was only one aspect of a larger and more momentous business which the financiers of the Entente Powers had to set themselves to tackle. Another of its bearings was the effect of the war upon the rate of exchange of the rouble, which is of moment to all the Allies. Indeed, so long as the conflict lasts the smooth working of the financial machines of the three States is of as much moment to each and all as is the winning of battles and the raising of fresh armies. In this struggle and at least until the curtain has fallen upon the final scene, the maintenance of financial credit and the purveyance of ready cash, together with all the subsidiary issues to which these operations may give rise, should be discussed and settled in common.

During the present world combat, which has not its like in history, whether we consider the issues at stake, the number of troops engaged, or the destructive forces let loose, the ordinary narrow conceptions of mutual assistance, financial and other, with their jealous care of flaccid interests, cannot be persisted in. The basic principle on which it behoves the allied Powers to sustain each other's vitality can only be the community of resources within the limits traced by national needs. For our cause is one and indivisible, and a success of one of the Allies is a success

of all. Hence, although we move from different starting-points and by unconnected roads, we are one community in motive, tendencies and sacrifices. The sense of Fate, whose deepening shadow now lies across the civilized nations of the Old Continent, has evoked the sympathies of the partner peoples for each other, and temporarily obliterated many of the points of artificial distinction which owed their existence to national egotism.

Russia's resources, then, were immobilized at the outset of the war. The minister who had spent thirty-five years in the financial department of State had resigned shortly before. His successor, a man of considerable capacity and good intentions, was bereft of the help of the best permanent officials of the Ministry, who had followed the outgoing minister into retirement. And no minister ever needed help more sorely than M. Bark. For the sudden cessation of all international exchange and the consequent immobilization of Russia's financial reserve, made it temporarily impossible for her to satisfy demands which could easily have been met under circumstances less disconcerting. Here her British ally came to the rescue. In the first place, the British Government gave its guarantee to the Bank of England for the acceptances which this bank had discounted. These were of two kinds: all acceptances whatever discounted before hostilities had broken out, and all commercial acceptances discounted since the declaration of war. The measure which brought this welcome assistance was general in its form, but it included Russian bills accepted in London. And this discount by the Bank of England will continue until one year after the



close of the campaign. In plain English, that means that the greater part of Russia's cash payments in London will be put off until then.

In Russia's dealings with France a like trouble made itself felt, but the same remedy was not applied. The Government there did not offer a State guarantee for acceptances by the Banque de France. The reasons for this difference of method are immaterial. The main point is that some other expedient had to be devised whereby Russia could discharge her short-term debts to her French creditors. In the Tsardom money was available for the purpose, but it was in roubles, which would first have to be exchanged into francs, and, as there was no rate of exchange, this operation could be effected, if at all, only at a considerable and unnecessary loss.

After several weeks' negotiations, and a thorough study of the question, an agreement was struck up between the Imperial Russian Bank and the Banque de France, by which the latter institution placed at the disposal of the former the requisite sum in francs which was specially earmarked for the payment of Russia's private debts in Paris.

The fall in the rouble was partly caused by the diminution of Russian exports, in consequence of the closing of the Baltic, the Mediterranean, and the land routes *via* Germany and Austria. The whole harvest of 1914 lay garnered up in the Tsar's dominions, where prices fell to a low level, while the rouble lost one-fourth of its value. Russia's interest on her foreign debt was thus increased by twenty-five per cent. The Western allies, on the other hand, were paying huge sums for corn to neutrals. As in the long run all Entente

Powers will have to bear their share of eventual losses, it behoved them to prevent or moderate them. And this they accomplished to a limited extent. It might have been well to go further into the matter and consider the advisability of entering into closer partnership than was established by their concerted efforts in Paris. An economic league with privileges for importation and exportation accorded to all its members—and only to these—not merely during the war but for a series of years after the conclusion of peace, might perhaps have tended to solve that and kindred problems. But the Allied Governments were constitutionally averse to taking long views or adopting comprehensive measures.

But the reopening of the Dardanelles and the liberation of Russia's corn supplies called for immediate attention and a concrete plan of campaign. The idea of rigging out a naval and military expedition had been mooted in London before the Financial Conference in Paris, but on grounds which do not yet constitute materials for public history it was dropped. At the Conference the scheme was again taken up, and the previous objections to its execution having been successfully met it was unanimously accepted. It is worth observing that the original plan, so far as the present writer was cognizant of it, was coherent, adequate and feasible, and involved co-ordination on the part of all three Allies. It did not contemplate a purely naval expedition to the Dardanelles, but provided for a mixed force of land and sea troops, of which the number was considerable and under the conditions then prevalent might also have been ample for the purpose. Although the Allies had thus

made what they believed to be adequate provision for the success of their project, they took measures to render assurance doubly sure. They entered into *pourparlers* with Greece, from whose co-operation they anticipated advantages which would tell with decisive force not only on the outcome of the expedition but also on the upshot of the war.

Venizelos was approached and sounded on the subject. His authority in his country, like that of Bismarck on the eve of his fall, was held to be supreme. For he had saved Greece from anarchy and the dynasty from banishment; he had reorganized the army, strengthened the navy, established good government at home, extended the boundaries of the realm and laid the foundations of a regenerate State which might in time reunite under the royal sceptre most of the scattered elements of Hellenism. His personal relations with King Constantine were, however, understood to be wanting in cordiality, but the monarch was credited with sufficient acumen to perceive where the interests of his dynasty and country lay, and with common sense enough to allow them to be safeguarded and furthered. It was on these unsifted assumptions that the Governments of the allied Powers went to work.

One redoubtable obstacle to be dislodged before any headway could be made was Bulgaria's opposition. In order to displace it, it would be necessary to acquiesce in her demands for territory possessed by her neighbours. And in view of the intimate relations, political and economical, which the military empires had established with Bulgaria and their firm hold over Ferdinand, even this retrocession might prove inadequate for the

purpose. According to a binding arrangement between Serbia and Greece, no territorial concession running counter to the settlement of the Bucharest Treaty might be accorded to Bulgaria by either of the two contracting States, without the consent of the other. And now Venizelos was asked to signify his assent to the abandonment by Serbia of a part of the Macedonian province recently annexed. This point gained, he was further solicited to cede Kavalla and some 2000 square kilometres of territory incorporated with Greece, to Bulgaria, in return for the future possession of 140,000 square kilometres in western Asia Minor. It was stipulated by him and hastily taken for granted by the Governments of the Allied States that these concessions, together with those which Serbia and Roumania were expected to make, would move Bulgaria to follow Russia's lead and enter the arena by the side of the Allies. But before Venizelos's readiness to compromise could be utilized as a practical element of the negotiations, the Bulgarian Cabinet had applied for and received an advance of 150 million francs from the two Central empires on conditions which, in the judgment of the Greek Premier, rendered further dealings with that State nugatory.

At the same time King Constantine, yielding to German importunity and to personal emotions, adopted a series of measures of which the effect would have been to discredit in the eyes of the nation Venizelos's patriotism as a minister and his veracity as an individual. The upshot of these machinations was the voluntary retirement of the Premier from public life, the dissolution of the Greek Parlia-

ment, the accession to power of a Germanophile Cabinet, and the frustration of that part of the Allies' plan which had for its object the immediate co-operation of Greece and the subsequent enlistment of the neighbouring Balkan States. As yet, however, Greece was not wholly lost to the Entente. Another opportunity presented itself which, had it been seized by the Governments of Great Britain and France, might yet have altered the course of Balkan history. But the acceptable offer in which it was embodied by the Hellenic Government elicited no response whatever in London or Paris. This was the last hope. Thenceforward the Allies were constrained to rely upon their own unaided exertions.

How they approached the problem thus modified, and to what degree and in consequence of what technical occurrences the achievement fell short of reasonable expectations, are matters which do not come within the scope of this summary narrative of historic events. It may suffice to contrast the belief, which in March 1915 was widespread—that the Dardanelles would be forced and Constantinople captured in the space of four or five weeks—with the circumstance that since then the British troops alone had nearly a hundred thousand casualties and that in the month of January 1916 it became evident that nothing could be gained by further prolonging this painful effort, and the enterprise was abandoned.

In spite of Turkey's hostility, the tone of the Allied Press lost little of its buoyancy. Japan, who had declared war on Germany in August,<sup>1</sup> had since captured Kiao Chau,<sup>2</sup> and that achievement coupled with the results

<sup>1</sup> August 23, 1914.

<sup>2</sup> November 6, 1914.

of four months' warfare in Europe were held to be promising. For Germany's original plan of campaign had been foiled, her army driven back from Paris, and Austria had been defeated in Galicia. If on the debit side of the balance nearly all Belgium and nine departments of France had fallen into the enemy's hands, it was some solace to learn that the military authorities of the Allies had reckoned with all that from the outset. Every reverse sustained by their arms turned out to have been foreseen and discounted by their sagacious leaders. Then, again, it was argued that time was on our side, enabling us to develop our resources, which are much vaster than those of the enemy. To this way of looking at the situation the writer of these lines opposed another. "There is," he wrote, "a small section of the nation, men conversant with the aims, modes of thought, and military, financial, and economic resources of the enemy, whose gloomy forecasts in the past have been unhappily fulfilled in the present, and who would gladly see more conclusive evidence than has yet been offered that everything which can be done at a given moment to turn the scale more decisively in our favour is being expeditiously undertaken by the responsible authorities.

"They are afraid that the gravity of the issues for which we are fighting, the telling initial advantages secured by the wily enemy, the formidable nature of the difficulties in the way of decisive victory, and the tremendous sacrifices which we shall all be called upon to make before we come in sight of the goal, have not yet filtered down into the consciousness of any considerable section of the people."

Many months later<sup>1</sup> Mr. Lloyd George re-echoed that judgment when dealing with the Welsh miners' strike.

But optimism continued to prevail among the allied peoples, who through the Press proclaimed their conviction that ultimate and complete success was a foregone conclusion. At the same time, however, an eager desire to hasten this consummation found vent among a considerable section of politicians, more particularly in France. And one of the means by which they hoped to attain their goal was by inviting Japan to cooperate with the Allies in Europe. As "invitation" was the term employed, the peculiar manner in which the idea was conceived hardly needs definition. To the Japanese themselves the inference was patent and distasteful. Therefore it had been a dogma that France, Britain and Russia, being quite capable of crushing Germany and Austria, neither attempted nor wished to draw any neutral or Asiatic nation into the sanguinary maelstrom of war. And even now it was held to be undignified to swerve from that doctrine. Help therefore, it was contended, was not indispensable to victory, it was merely desirable from the humanitarian standpoint of putting an early end to the campaign and sparing the lives of millions.

French statesmen of the calibre of MM. Pichon and Clémenceau pushed into the foreground of international politics this question of Japan's military intervention in Europe. An organized Press campaign was carried on in several of the most prominent daily papers and reviews of Paris.<sup>2</sup> Striking arguments

<sup>1</sup> July 1915.

<sup>2</sup> In the *Petit Journal*, the *Homme Enchaîné*, *l'Illustration*, the *Revue Hebdomadaire*, and the *Revue*.

were put forward in support of the thesis that Japan's co-operation in Europe is desirable, and the inference which many readers were encouraged to draw was that if the aim had not yet been attained, failure should be ascribed to the statesmanship of the Allies, which was deficient in sagacity, or to their diplomacy, which was wanting in resourcefulness. M. Pichon, in a masterly article in the *Revue*, wrote: "I am one of those who hold that (Japan) could bring to us here on the European continent an incomparable force, and I remain convinced that the Japanese Government would like nothing better than to respond to the appeal of the Triple Entente Powers if these requested its collaboration for future combats."<sup>1</sup>

The idea was that Japanese troops should come to southern Europe, combine with the Serbs and create a new front there. This diversion, it was contended, would transform the slow and costly siege war and give the Allies access to Germany. And these decisive results could be achieved by an expedition of less than half a million Japanese warriors.

When it was asked what motives could be held out to Nippon potent enough to determine her to embark on such an enterprise, the reply was that she had a positive interest to undertake the task. For by contributing to the defeat of Germany in Europe she would free herself from Teutonic machinations in the Far East. The Allies would, of course, have to promise her territorial compensation commensurate with her sacrifices. And after the conclusion of peace Japan would extract from Germany not only a sum big enough to cover all the expenses of the expedition, but also a

<sup>1</sup> Fevrier, *Revue*, 1915, p. 195.



heavy war indemnity. Over and above this, France and Britain would enable her to float on easy terms a loan of some three hundred millions sterling, as a moderate return for the three or four months curtailment of the war which costs the Allies nearly a hundred and twenty millions a month. Lastly, Japan's horn would be vastly exalted and her prestige increased by her participation in the most tremendous conflict recorded in history.

Considered on its merits the enterprise impressed one more by its arduousness than by the tangible advantages it offered to either of the interested parties. The technical difficulties were many and well-nigh insurmountable: the lack of transports, the distance at which the Mikado's troops in Europe would be from their base of supplies, and the length of time that must elapse before they could replenish their stores of ammunition, whether these were drawn from Tokyo or manufactured in Europe. And half a million fighting men, however well trained, would represent but a drop in the ocean when flung against the millions to whom they would be opposed.

Still more decisive was the question of motive. Why should the Japanese sacrifice their brave soldiers? For the sake of territory which they do not yet covet, or of prestige which they enjoy in a superlative degree already? Although chivalrous and highly impressive to everything that can appeal to a high-minded people, they are also practical and far-sighted and are not to be lured by a will-o'-the-wisp. They had already assisted the Allies in the Far East and performed their part admirably.

The Japanese army is made up of patriots

whose lives belong to their country. To their spirit of self-sacrifice there are no bounds. And that this splendid organism should be implicitly set down as a band of mercenaries capable of being bought and sold is more than its leaders can brook. The idea that mere money or money's worth could purchase Japanese blood is resented by our Far Eastern Ally. Between Europe and Asia Japan is the connecting link. Her people are endowed with some of the highest qualities of the European and the Asiatic. Their civilization is ancient and refined, and they understand and appreciate that of Europe. The chivalry of the Samurai is recognized universally. Their respect for their plighted word is scrupulous. And their tact and moderation have been demonstrated time and again during their relations first with Russia and then with the United States. Japan's immediate task lies in the Far East, and to that region she is minded to confine her activity, as was shown by the pressure which she soon afterwards put upon China. None the less, it is symptomatic of feelings which are still inarticulate and of currents which flow beneath the surface, that more than once of late the Russian Press has called for a defensive and offensive alliance between the Tsardom and Japan.<sup>1</sup> That it will come and exert a noteworthy influence on the politics of the world, is the firm conviction of the present writer, who has had the good fortune to contribute more than once to bring the two Powers closer together.<sup>2</sup>

<sup>1</sup> Cf. *Novoye Vremya*, June 26, 1915.

<sup>2</sup> See Hayashi's *Secret Memoirs*.

## CHAPTER XIV

### READJUSTMENTS

DEPRIVED of the help for which they had looked to Japan, the publicists and politicians of the allied countries now centred their hopes on the neutrals and on Kitchener's great army, which was to appear on the scene in spring, put an end to the warfare of the trenches, and free Belgium from the Teuton yoke. The impending belligerency of certain of the neutrals would, it was reasonably believed, turn the scales in favour of Britain, France and Russia. Indeed, Bulgaria alone, owing to her commanding geographical position, might have achieved the feat more than once during the campaign. With the death of King Carol of Roumania<sup>1</sup> the probability of this consummation seemed to verge on certitude. It aroused high hopes among the Allies.

The propitious moment seemed to have come for the union of all Roumanians under the sceptre of the new king. Over three million members of that race under Hungarian sway had long been waging a losing contest for their nationality, language and religion. And they entertained no hope of better prospects in the future. For in view of her military inferiority Roumania, with her little army of half a million men, could not indulge in energetic protests against the treatment meted

<sup>1</sup> October 10, 1914.

out to her kindred by Hungary. She had no choice but to resign herself to the inevitable. Diplomatically, too, she was bound to Austria by a secret convention, concluded by the Hohenzollern prince who had presided over her destinies for a generation. Economically she was, as we saw, tied hand and foot to Germany. Moreover, it was a matter of common knowledge that King Carol would never tolerate any radical change in the political orientation of the kingdom. To the writer of these lines he said so in plain words shortly before he died, and he also charged him with a message of the same tenor to the Austro-Hungarian Minister of Foreign Affairs. But, loyal and conscientious, as was his wont, King Carol added that if circumstances should ever necessitate a radical change in Roumania's attitude, a younger ruler might usher it in, for whom he would not hesitate to make room.

This eventuality arose in September<sup>1</sup> when the Russians defeated the Austrians, occupied Lemberg, threatened Cracow, took up strong positions on the Carpathians, and bade fair to overrun Hungary. Fate, it seemed, had at last overtaken the Habsburg Monarchy, which, contrary to general expectation, had not succumbed to internal strife on the outbreak of the war. And it now lay with Roumania and her neighbours to play the part of Fate's executors. As a matter of fact, Roumania suddenly found a sonorous voice in which to utter her grievances against the Teutons. Senators, deputies, ex-ministers executed a *chassez croisez* movement through France, Italy and Britain, delivering diatribes against Austria-Hungary, arousing sympathy for Roumania,

<sup>1</sup> September 8, 1914.

and proclaiming their country's resolve to strike a blow for justice, liberty and civilization. The names of Senator Istrati, M. Diamandy, and Dr. Constantinescu were associated with feasts of patriotic sentiment and flow of soul. Military delegates in Paris made extensive purchases of various necessities for the commissariat and sanitary departments of the War Ministry, and the date on which the gallant Roumanian nation would unsheathe its sword in the cause of humanity was unofficially announced.

At that moment the country was governed, as it still is, by a Premier who might appropriately be termed its Dictator, so little influence on his policy and methods is wielded by his colleagues in the Cabinet. John Bratiano is the sole trustee of the nation at the most critical period of its history. The son of an eminent and deservedly respected statesman, this politician entered public life encircled by the halo of his father's prestige. Gifted with considerable powers, he owes more to birth than to hard work and self-discipline. Entering early upon his valuable political heritage he found all paths smoothed, all doors open to him. The leadership of the most influential parliamentary party fell to him at an age when other politicians are painfully struggling with the preliminary difficulties in the way of success, and John Bratiano became the ruler of Roumania without an effort. Descended from an illustrious stock, he is penetrated with an overmastering sense of his own personal responsibility, from which the principal relief to be obtained lies in the indefinite prolongation of his liberty of choice. Finality in matters of momentous decision appears painful

to him, and the standard of success which would fairly be applied to the policy of the ordinary statesman seems too lax for the man whose shoulders are pressed down with the weight of the kingdom as it is and the kingdom yet to come. Hence his anxiety to drive a brilliant bargain with the Allies and to leave no hold for hostile criticism at home. Like most patriots placed in responsible positions, he is bent on furthering what he considers the interests of his country in his own way, and honestly convinced that the right way is his own, he has hitherto declined to share responsibility with the Opposition—which disapproves his Fabian policy—even though it numbers among its members a real statesman of the calibre and repute of Take Jonsco.

At first M. Bratiano swam with the stream. He assured foreign diplomatists, eminent Italians and others, that Roumania had decided to throw in her lot with the Allies. And his declarations were re-echoed by his colleagues. These statements were duly transmitted to the various Cabinets interested, and the entry of Roumania into the struggle was reckoned with by all the Allied Powers. On the strength of these good intentions one of the Allies was asked to advance a certain sum of money for military preparations, and the request was complied with. Italy was approached and treated as a trusty confidant, and a tacit arrangement was come to with her by which each of the two Latin States was expected to communicate with the other as soon as it should decide to take the field. In fine, it was understood that Roumania would join in at the same time as Italy.

Cognizant of those intentions and prepara-

tions the Allies rejoiced exceedingly. The prospect that opened out before them appeared cheerful. Kitchener's great army was to take the offensive in spring, Roumania's co-operation was due some months or weeks previously, and the forcing of the Dardanelles might be counted upon as a corollary, to say nothing of the adherence of Greece and Bulgaria to the allied cause. But Germany and Austria lost nothing of their self-confidence. Clumsy though their professional diplomacy might be, their economic-diplomatic campaign had left little to be desired. Its fruits were ripe. They had firmly knitted the material interests of the little Latin State with their own, and could rely on the backing of nearly every supporter of Bratiano's Cabinet in the country. But leaving nothing to chance, they now put forth the most ingenious, persistent and costly efforts to maintain the ground they had won. Influential newspapers were bought or subsidized, new ones were founded, public servants were corrupted, calumnies were launched against the Allies and their supporters, and a nucleus of military men ranged themselves among the opponents of intervention.

M. Bratiano suddenly turned wary and circumspect. His talk was now of the necessity of time for preparations, of the divergence of views between his Cabinet and that of the Tsar, and of the inadequacy of the motives held out to his country for belligerency. Thereupon negotiations began between Russia and Roumania, which dragged on endlessly. What the Roumanian Premier said to the Russian Minister was practically this: "The choice between belligerency and neutrality must be determined by the balance of territorial

advantages offered by each. And the terms must be adequate and guaranteed." The conditions which, according to him, answered to this description consisted of the cession of all Transylvania, part of the Banat of Temesvar, the Roumanian districts of Bukovina, and of the province of Crishana and Marmaros.

About Transylvania there was no dissentient voice : it was admitted that it ought by right to form part of the Roumanian kingdom. The dispute between Bucharest and Petrograd hinged on a zone of the Banat and a strip of Bukovina. The Tsar's Government admitted that Bukovina might be annexed by Roumania as far as the river Seret, but not farther north; whereas the Roumanian Premier insisted on obtaining the promise of a zone the northern boundary of which would be formed by the river Pruth, and would therefore include the important city of Czernowitz, which is the capital of the province. The divergence of opinion arising out of this demand for the district of Pancsova in the Banat of Temesvar raised a formidable obstacle to an understanding, for the claim runs counter to the principle of nationality somewhat pedantically laid down by the Allied Powers. Parenthetically, it is worth remembering that hard-and-fast principles which lead insensibly to dogmatism cannot be too sedulously avoided by a Government. Politics must assuredly have its ideals, but compromise is the method by which alone it can approach them. The Allies have already been constrained by tyrannous circumstance to entertain important exceptions to their principle of nationality which was invoked against Italy's claim to Dalmatia, and in their own best interests they might have com-



promised on the subject of Bulgaria's claims to Macedonia, and of Roumania's pretensions to annex certain of the disputed territories inhabited by Serbs and Ruthenians.

In truth, Roumania's attitude, of which at various times conflicting accounts have been given, appears to be what one might reasonably expect, considering the sympathies of the nation, the interests of the State, and the requirements of the conjuncture. Looking at it from the view-point of the outsider, it would perhaps have been to her interest to join the Allies when the Russians, driving the Magyars and the Austrians before them, could have played the part of right wing to her armies. It was generally believed later on that she would unsheathe the sword at the same time as Italy. Informal announcements to that effect are known to have been made to certain official representatives of that country. And her failure to stand by these spontaneous declarations was the cause of profound disappointment to the Entente and of a considerable loss of credit to herself. These facts and conclusions appeal with irresistible force to the uninitiated, and in especial to those among them who are citizens of the belligerent States.

But there is another aspect of the matter which, whatever effect its disclosure may have on the general verdict, is at any rate well worth considering. According to this version, which is based on what actually passed between Bucharest and the capitals of the Entente Powers, the central idea of Roumania's strivings was to achieve national unity together with defensible military frontiers as far as appeared feasible, and to obtain in advance implicit assurances that the Entente Powers,

if victorious, would allow her claims without demur or delay. The territories occupied by the Roumanians of Transylvania, the Bukovina, and the Banat were to be united under the sceptre of the King, including the strip which is contiguous to Belgrade. To this the Slavs demurred because Belgrade could then no longer remain the Serbian capital. But of these demands M. Bratiano would make no abatement, nor in the promise of the Entente to fulfil them would he admit of any ambiguity. Roumania's experience in 1877, under M. Bratiano's father, when, after having helped Russia to defeat the Turks, she was deprived of Bessarabia and obliged to content herself with the Dobrudja, was the main motive for this striving after definite conditions, while her readiness to look upon that loss of Bessarabia as final moved her to demand every rood of Austro-Hungarian territory which was inhabited by her kinsmen or had belonged to them in bygone days. These motives were inconsistent with the mooting of the Bessarabian question, and the statement so often made in the Press that Roumania demanded, and still demands, that lost province from Russia are absolutely groundless. The subject was never once broached.

It has been argued that although these claims to recompense may have been reasonable enough in themselves, to have made them conditions of Roumania's participation in the war on the side of the Allies smacked more of the pettifogger than of the statesman. In a tremendous struggle like the present for lofty ideals this bargaining for territorial advantages showed, it was urged, the country and the Government in a sinister light. To

this criticism the friends of M. Bratiano reply that most of the belligerents set the example, with far less reason than Roumania could plead. Italy, for instance, had made her military co-operation conditional on the promise of a large part of Dalmatia, as well as the *terra irredenta*, and Russia insisted upon having her claim to Constantinople allowed. Why, it is asked, should Roumania be blamed for acting similarly and on more solid grounds?

During the first phase of the conversations which were carried on between Roumania and the Entente there would appear to have been no serious hitch. They culminated in a loan of £5,000,000 advanced in January 1915. In the following month they ceased and were not resumed until April, when M. Bratiano was informed that it would facilitate matters if he would discuss terms with the Tsar's Government. By means of an exchange of notes an arrangement had been come to by which Roumania was to have "the country inhabited by the Roumanians of Austria-Hungary" in return for her neutrality and on the express condition that she should occupy them *par les armes* before the close of the war. I announced this agreement in the summer of 1915 and, commenting on the controversy to which it gave rise, pointed out that it amounted only to a promise made by Russia and an option given to Roumania, which the latter state was at liberty to take up or forgo as it might think fit. It bound her to nothing. Consequently, to accuse her of having broken faith with Italy or the Entente is to betray a complete lack of acquaintance with the facts.

It was only when Roumania's military par-

ticipation was solicited that difficulties began to make themselves felt. And they proved insurmountable. So long as the Russian armies were victorious Roumania's demands were rejected. When the Tsar's troops, for lack of ammunition, were obliged to retreat, concessions were made very gradually, slight concessions at first, which became larger as the withdrawal proceeded, until finally—the Russian troops being driven out—everything was conceded, when it was too late. For with the departure of the Russian armies Roumania was so exposed to attack from various sides, and so isolated from her protectors, that her military experts deemed intervention to be dangerous for herself and useless to the Allies.

In Italy, it has been said with truth, the conviction prevailed that Roumania would descend into the arena as soon as the Salandra Cabinet had declared war against Austria, and a good deal of disappointment was caused by M. Bratiano's failure to come up to this expectation. But the expectation was gratuitous and the disappointment imaginary. In an article written at the time I pointed out that one of the mistakes made by the Entente Powers consisted in the circuitous and clumsy way in which they negotiated with Roumania. The spokesman and guardian of Italy during the decisive conversations with the Entente was the Foreign Minister, Baron Sonnino, the silent member of the Cabinet. Now, this turned out to be a very unfortunate kind of guardianship, which his ward subsequently repudiated with reason. For one effect of his taciturnity—the Roumanians ascribed it to his policy—was to keep Roumania in the dark about matters of vital moment to her of which she ought to have

had cognizance. Another was to treat with the Entente Governments as though Roumania had sold her will and private judgment to the Salandra Cabinet. This, however, is a curious story of war diplomacy which had best be left to the historian to recount. One day it will throw a new light upon matters of great interest which are misunderstood at present. Roumania's co-operation then, as now, would have been of much greater help to the Allies than certain other results which were secured by sacrificing it. And sacrificed it was quite wantonly. We are wont to sneer at Germany's diplomacy as ridiculously clumsy, and to plume ourselves on our own as tactful and dignified. Well, if one were charged with the defence of this thesis, the last source to which one would turn for evidence in support of it is our diplomatic negotiations with M. Bratiano's Cabinet.

In the light of this *exposé* the severe judgments that have been passed on the policy of the Roumanian Cabinet may have to be revised.

The crux of the situation was the attitude of Bulgaria. Bulgaria, a petty country with a population inferior to that of London, impregnated with Teutonism and ruled by an Austro-Hungarian officer who loathes the Slavs, had throughout this sanguinary clash of peoples rendered invaluable services to the Teutons and indirectly inflicted incalculable losses on the civilized nations of the globe. This tremendous power for evil springs from her unique strategic position in Eastern Europe. At any moment during the conflict her active assistance would have won Constantinople and Turkey for the Allies, and if proffered during one of several particularly favourable con-

junctures might have speedily ended the war. But so tight was Germany's grip on her that she not only withheld her own aid, but actually threatened to fall foul of any of the Balkan States that should tender theirs. It is, therefore, no exaggeration to affirm that the duration of this war and some of the most doleful events chronicled during the first year of its prosecution, are due to the insidious behaviour of Ferdinand of Coburg and his Bulgarian coadjutors. One may add that this behaviour constitutes a brilliant and lasting testimony to the foresight and resourcefulness of German diplomacy. It is one of the products of German organization as distinguished from French and British individualism.

While Bulgaria was thus holding the menace of her army over Roumania's head, and M. Bratiano stood irresolute between belligerency and neutrality, the German and Austrian armies were effectively co-operating with German and Austrian diplomatists. They compelled the Russians to withdraw from Eastern Prussia,<sup>1</sup> and from a part of Galicia,<sup>2</sup> later on from Lodz, from the Masurian Lakes and Bukovina.<sup>3</sup> Gradually Roumania saw herself bereft of what would have been her right wing and cover, and her military men, the most influential of whom had been against intervention from the first, now declared the moment inauspicious on strategical grounds. Thereupon the oratorical representatives of the Roumanian people consoled themselves with the formula that Roumanian blood would be shed only for Roumanian interests, and that when a fresh turn of Fortune's wheel should

<sup>1</sup> October 13, 1914.

<sup>2</sup> December 6, 1914.

<sup>3</sup> February 15, 1915.

bring the Russian troops back to Bukovina and Galicia, the gallant Roumanians would strike a blow for their country and civilization.

It would be unfruitful to enter into a detailed examination of the efforts of the Allies to detach the neutrals, and in especial the Balkan States, from the Military Empires with which their interests had been elaborately bound up. But in passing, one may fairly question the wisdom of their general plan, which established facts—still fragmentary in character—enable us to reconstruct. The resuscitation of the Balkan League and the mobilization of its forces against Turkey was an enterprise from which the greatest statesmen of the nineteenth century, were they living, would have recoiled. For it presupposes an ascetic frame of mind among the little States, which in truth hate each other more intensely than they ever hated the Turks. The first condition of success, were success conceivable, would have been the abrogation of the Treaty of Bucharest and the redistribution of the territories, which its authors had divided with so little regard for abstract justice and the stability of peace. And to this procedure, which Bulgaria ostentatiously demanded, Serbia entered a firm demurrer in which she was joined by Greece. For Serbs and Bulgars have always been hypnotized by Macedonia. Their gaze is fixed on that land as by some magic fascination, which interest and reason are powerless to break. They think of the future development, nay of the very existence of their respective nations, as indissolubly intertwined with it. To lose Macedonia, therefore, is to forfeit the life-secret of nation. Hence Bulgaria obstinately refused to abate one jot of

her demands, while Serbia was firmly resolved to reject them. It mattered nothing that the fate of all Europe and of these two States was dependent on compromise. The little nations took no account of the interests at stake. Each, like Sir Boyle Roche, was ready to sacrifice the whole for a part, and felt proud of its wisdom and will-power.

Under these circumstances the scheme of a resuscitated Balkan League should have been accounted a political chimera, whereas politics is the art of the possible. What might perhaps have been envisaged with utility was the selection of the less mischievous and more helpful of the unwelcome alternatives with which the allied diplomacy was confronted. If, for instance, it could have been conclusively shown that Bulgaria's help was indispensable, adequate and purchasable, the plain course would have been to pay handsomely for that. However high the price, it would have been more than compensated by the positive and negative gains. If, on the other hand, Bulgaria were recalcitrant and inexorable, the Tsardom which protected her might to some good purpose have become equally so, and displayed firmness and severity. It has been said that Russia cannot find it in her heart either to coerce Serbia or to punish Bulgaria. If this be a correct presentation of her temper—and in the past it corresponded to the reality—then the Allies are up against an insurmountable obstacle which must be looked upon as one of the instruments of Fate.

Our Press is never tired of repeating that the neutrals have a right to think only of their own interest and to frame their policy in strict accordance with that, whether it draws



them towards the Allies or the Teuton camp. To this principle exception may be taken. If it be true that the European community, its civilization and all that that connotes are in grave danger, then every member of that community is liable to be called on for help, and is bound to tender it. In such a crisis it is a case of every one being against us who is not actively with us. Otherwise the contention that this is no ordinary war but a criminal revolt against civilization, is a mere piece of claptrap and is properly treated as such by the neutrals. But there is another important side of the matter which has not yet been seriously considered. If the neutrals are warranted in ignoring the common interest and restricting themselves to the furtherance of their own, it is surely meet that the Allies, too, should enjoy the full benefits of this principle and frame their entire policy—economic, financial, political and military—with a view to promoting their common weal, and with no more tender regard for that of the non-belligerent States than is conducive to the success of their cause and in strict accordance with international law. The application of this doctrine would find its natural expression in the creation of an economic league of the Allied States with privileges restricted to its members. It may not be irrelevant to state that during one phase of the war combined action of the kind alluded to would have given the Allies the active help of one or two neutral countries. Nay, if the exportation of British coal alone had been restricted to the belligerents, the hesitation of those countries between neutrality and belligerency would have been overcome in a month.

Italy and Bulgaria, being the two nations whose attitude would in the judgment of German statesmen have the furthest reaching consequences on the war, were also the object of their unwearied attentions. And every motive which could appeal to the interest or sway the sentiment of those peoples was set before them in the light most conducive to the aims of the tempter. Those painstaking efforts were duly rewarded. Bulgaria, before abandoning her neutrality, had contributed more effectively even than Turkey to retard the Allies' progress and to facilitate that of their adversaries.

For Italy's restiveness Germany was prepared, but it was reasonably hoped that with a mixture of firmness, forbearance and generosity that nation would be prevailed upon to maintain a neutrality which the various agents at work in the peninsula could render permanently benevolent. And from the fateful August 3, 1914, down to the following May, the course of events attested the accuracy of this forecast. At first all Italy was opposed to belligerency. Deliberate reason, irrational prejudice, religious sentiment, political calculation, economic interests and military considerations all tended to confirm the population in its resolve to keep out of the sanguinary struggle. The Vatican, its organs and agents, brought all their resources to bear upon devout Catholics, whose name is legion and whose immediate aim was the maintenance of peace with the Central empires. The commercial and industrial community was tied to Germany by threads as fine, numerous and binding as those that rendered Gulliver helpless in the hands of the Lilliputians. The common people,

heavily taxed and poorly paid, yearned for peace and an opportunity to better their material lot. The Parliament was at the beck and call of a dictator who was moved by party interests to co-operate with the Teutons, while the Senate, which favoured neutrality on independent grounds, had made it a rule to second every resolution of the Chamber. In a word, although Italy might wax querulous and importunate, her complaints and her demands would, it was assumed, play a part only in the scheme of diplomatic tactics, but would never harden into pretexts for war.

For it was a matter of common knowledge that departure from the attitude of neutrality, whatever its ultimate effects—and these would certainly be fateful—must first lead to a long train of privations, hardships and economic shocks, which would subject the limited staying powers of the nation—accustomed to peace, and only now beginning to thrive—to a searching, painful and dangerous test. From a Government impressed by this perspective, and conscious of its responsibility, careful deliberation, rather than high-pitched views, were reasonably expected.

And the attitude of the Cabinet since August 1914 had been marked by the utmost caution and self-containment. Contemplated from a distance by certain of the Allies whose attention was absorbed by the political aspect of the matter, this method of cool calculation seemed to smack of hollow make-believe. Why, it was asked, should Italy hold back or weigh the certain losses against the probable gains, seeing that she would have as allies the two most puissant States of Europe, and the enormous advantage of sea power on her side?

## CHAPTER XV

### THE POSITION OF ITALY

BUT intervention in the war was not one of those ordinary enterprises on which Italy might reasonably embark, after having carefully counted up the cost in men and money and allowed a reasonable margin for unforeseen demands on both. In this venture the liabilities were unlimited, whereas the resources of the nation were bounded, the limits being much narrower than in the case of any other Great Power. And this was a truly hampering circumstance. Serious though it was, however, it would hardly avail to deter a nation from accepting the risks and offering up the sacrifices requisite, if the motive were at once adequate, peremptory and pressing.

But Italy, unlike the Allies, had had no strong provocation to draw the sword. Grievances she undoubtedly possessed in plenty. She had been badly dealt with by her allies, but forbearance was her rule of living. For nearly a generation she had been a partner of the two militarist States, yet she shrank from severing her connection with them, even when they deliberately broke their part of the compact. This breach of covenant not only dispensed her from taking arms on their side, but would also, owing to the consequences it involved, have sufficed to warrant her adhesion to the Entente Powers. But for con-

clusive reasons—lack of preparedness among others—she condoned all affronts and drew the line at neutrality.

The country was absolutely unequipped for the contest. The Lybian campaign had disorganized Italy's national defences and depleted her treasury. Arms, ammunition, uniforms, primary necessaries—in a word, the means of equipping an army—were lacking. The expenditure of £80,000,000 sterling during the conflict with Turkey rendered the strictest economy imperative, and so intent was the Cabinet on observing it that the first candidate for the post of War Minister declined the honour, because of the disproportion between the sum offered to him for reorganization and the pressing needs of the national defences.

The outbreak of the present conflict, therefore, took Italy unawares and found her in a condition of military unpreparedness which, if her participation in the war had been a necessity, might have had mischievous consequences for the nation. Availing herself of this condition of affairs and of the pacific temper of the Italian people, Germany reinforced those motives by the prospect of Corsica, Nice, Savoy, Tunis and Morocco in return for active co-operation. But the active co-operation of Italy with Austria and Germany was wholly excluded. The people would have vetoed it as suicidal. The utmost that could be attempted was the preservation of her neutrality, and that this object would be attained seemed a foregone conclusion.

And it is fair to state that this belief was well grounded. When war was declared and Italy was summoned to march with her allies against France, Britain and Russia, she repudiated her

obligation on the ground that the clause in their treaty provided for common action in defence only, not for co-operation in a war of aggression, such as was then about to be waged. And that plea could not be rebutted. This preliminary dissonance to which the Central empires resigned themselves was followed by disputes which turned upon the interpretation of the compensation clause of the Treaty, upon Italy's territorial demands and Austria's demurrers. Thus from first to last the issues raised were of a diplomatic order, and if German statesmen had received *carte blanche* to settle them, it is not improbable that a compromise would have been effected which would have left the Italian Government no choice but to persevere in its neutrality.

And German statesmen strove hard to wrest the matter from their ally and take it into their own hands, but were only partially successful. Both they and the Austrians selected their most supple and wily diplomatists to conduct the difficult negotiations. Prince Bülow was appointed German Ambassador to King Victor's Government, Baron Macchio supplanted Merey in Rome, but the most sensational change effected was the substitution of Baron Burian for Count Berchtold in the Austrian Ministry of Foreign Affairs.<sup>1</sup> This latter event was construed by the European public as the foretoken of a new and far-resonant departure in Austria's treatment of international relations. In reality it was hardly more than the withdrawal from public business of a tired statesman *malgré lui* who had persistently sought to be relieved of his charge ever since his first appointment. Count

<sup>1</sup> January 15, 1915.

Berchtold's name is inseparably associated with events of the first magnitude for his country and for Europe, but on the creation or moulding of which he had little appreciable part. It is hardly too much to say that if, during the period while he held office, the Ministry of Foreign Affairs had been without a head, the mechanism would have worked with no serious hitch, and with pretty much the same results which we now behold. For he was but the intermediary between the mechanism and the real minister, who invariably appeared as a *deus ex machina* in all the great crises of recent years, and who was none other than the Emperor Francis Joseph himself.

Count Berchtold was a continuator. He endeavoured under adverse circumstances to carry out the feasible schemes of his predecessor, but the obstacles in his way proved insurmountable. He is a straightforward, truthful man, and in the best sense of the word a gentleman. The greatest achievement to which he can point during his tenure of power is the disruption of the Balkan League. Having had an opportunity of seeing the working of the scheme at close quarters, I may say that it was ingenious. Pacific by temperament and conviction, he co-operated successfully with the Emperor to ward off a European conflict more than once. But from the day when Count Tisza won over Franz Josef to the ideas of Kaiser Wilhelm, Count Berchtold's occupation was gone.

His successor, Baron Burian, entered upon his office with an established reputation and a political programme. But so immersed were the Allies in the absurd illusions which ascribed disorganization to Germany and discord to

the two imperial Governments, that Burian's appointment was read by many as an omen that Austria-Hungary was already scheming for a separate peace. Events soon showed that the disorganization was not in Germany nor the discord on the side of the Central Empires.

Meanwhile the Italian Minister of Foreign Affairs, Di San Giuliano, had succumbed to a painful illness, which, however, did not prevent him from writing and reading dispatches down to the very eve of his death.<sup>1</sup> His successor was Sydney Sonnino, perhaps the most upright, rigid and taciturn man who has ever had to receive foreign diplomatists and discourse sweet nothings in their ears. Devoid of eloquence, of personal magnetism and of most of the arts deemed essential to the professional diplomatist, he is a man of culture, eminent talents, fervid zeal for the public welfare, steady moral courage, and rare personal integrity. Pitted against the supple and versatile Bülow, his influence might be likened to that of the austere philosopher gazing at the incarnate Lamia.

Between these two statesmen conversations began <sup>2</sup> under favourable auspices. One of the conditions to which each of them subscribed was the maintenance of rigorous secrecy until the end of their labours. And it was observed religiously until Germany's "necessity" seemed to call for the violation of the pledge, whereupon it was profitably violated. Baron Sonnino told the German plenipotentiary that "the majority of the population was in favour of perpetuating neutrality, and

<sup>1</sup> Di San Giuliano died on October 18, 1914. He was working for a short time on the 17th.

<sup>2</sup> On December 20, 1914.



gave its support to the Government for this purpose, provided always that by means of neutrality certain national aspirations could be realized.<sup>1</sup> Bülow at once scored an important point by taking sides with Italy against Austria on the disputed question whether Clause VII of the Triple Alliance entitled the former country to demand compensation for the upsetting of the Balkan equilibrium caused by Austria's war on Serbia. That view and its practical corollaries set the machinery going. The Austrian Government abandoned its *non possumus*, and discussed the nature and extent of the compensation alleged to be due. But it never traversed the distances between words and acts.

One of the many wily devices by which the German Ambassador sought to inveigle the Consulta into forgoing its right to resort to war was employed within three weeks of the beginning of negotiations. Bülow confidentially informed Sonnino that Germany was sending Count von Wedel to Vienna to persuade the Cabinet there to cede the Trentino to Italy, and asked him whether, if Austria acquiesced, it would not be possible to announce to the Chamber that the Italian Government had already in hand enough to warrant it in assuming that the main aspirations of the nation would be realized.<sup>2</sup> "Absolutely impossible," was Sonnino's reply. But the Dictator Giolitti, whom Prince Bülow took into partnership, was more confident and pliable. This parliamentary leader, whose will was law in his own country and whose life-work consisted in eliminating

<sup>1</sup> Italian Green Book, Despatch N. 8.

<sup>2</sup> Italian Green Book, January 14, 1915, Despatch N. 11.

ethical principles from politics, made known his belief—nay, his positive knowledge—that by diplomatic negotiations the nation could obtain concessions which would dispense it from embarking on the war. This pronouncement had a widespread effect on public opinion, confirming the prevalent belief that Austria would satisfy Italy's claims.

There was no means of verifying those announcements, for the Rome Government scrupulously observed its part of the compact, and allowed no news of the progress of the conversations to leak out. In fact, it went much farther and deprived the Italian people systematically of all information on the subject of the crisis. Consequently the poisoners of the wells of truth had a facile task.

It was no secret, however, that the cession of the Trentino would not suffice to square accounts. Italy's land and sea frontiers were strategically so exposed that it was sheer impossible to provide adequately for their defence. And this essential defect rendered the nation semi-dependent on its neighbour and adversary and powerless to pursue a policy of its own. For half a century this dangerous flaw in the national edifice and its pernicious effects on Italy's international relations had been patiently borne with, but Baron Sonnino considered that the time for repairing it and strengthening the groundwork of peace had come. And as he had not the faintest doubt that technically as well as essentially he had right on his side, he pressed the matter vigorously. Austrian diplomacy, dense and dilatory as ever, argued, protested, temporized. In these tactics it was encouraged by the knowledge that Italy was unequipped for war, and

by the delusion that the remedial measures of reorganization then going forward were only make-believe. The Italian Government, on the other hand, convinced that nothing worth having could be secured by diplomacy until diplomacy was backed by force, was labouring might and main to raise the army and navy to a position as worthy as possible of a Great Power and commensurate with the momentous issues at stake.

But the position of the Cabinet was seriously weakened by the domestic and insidious enemy. Giolitti's pronouncement had provided the Austrians with a trump card. For if the Dictator accounted the proffered concession as a settlement in full, it was obvious that the Cabinet, which was composed of his own nominees whom he could remove at will, would not press successfully for more extensive compensation. Giolitti was the champion and spokesman of the nation, and his estimate of its aspirations alone carried weight. And now once more the Dictator, acting through his parliamentary lieutenants, organized another anti-governmental demonstration which humiliated the Cabinet and impaired its authority as a negotiator. Of this favourable diversion the Austrians availed themselves to the full. But gradually it dawned upon them that behind the Italian Foreign Minister a reorganized Italian army, well equipped and partially mobilized, was being arrayed for the eventuality of a failure of the negotiations. By way of recognizing this fact the Ballplatz increased its offer, but only very slightly, while it grew more and more lavish of arguments. But the "principal aspirations of the Italian people" had not yet been taken into serious considera-

tion by Baron Burian. Down to April 21 this statesman had not braced himself up to offer anything more than the Trentino, which Prince Bülow had virtually promised in January, and this despite the intimation given by the Italian Foreign Secretary, that after the long spell of word-weaving and hair-splitting he must insist on a serious and immediate effort being put forth to meet Italy's demands.

Thus during five months of tedious negotiations Austria had contrived to exchange views and notes with the Consulta without offering any more solid basis for an agreement than the cession of a part of the Trentino. It is fair to add that even this appeared a generous gift to Franz Josef's ministers, who failed to see why the Habsburg Monarchy should offer any compensation to an ally from whom help, not claims, had been expected. To a possible abandonment of territory on the Isonzo or elsewhere the Vienna Cabinet made no allusion. On April 8 Sonnino presented counter proposals, which he unfolded in nine clauses. They comprehended the cession of the Trentino, including the frontiers established for the kingdom of Italy by the Treaty of Paris of 1810; a rectification of Italy's eastern boundaries, taking in the cities of Gradisca and Gorizia; the transformation of Trieste and its territory into an autonomous State, internationally independent; the transfer to the kingdom of Italy of the Curzolari group of islands; all these territories to be delivered up on the ratification of the Treaty. Further, Italy's full sovereignty over Valona was to be recognized by Austria, who should forswear all further designs on Albania and concede a full pardon to all persons of those

lands undergoing punishment for political or military offences. On her side Italy would consent to pay 200,000,000 francs as her share of the public debt and of other financial obligations of the provinces in question, to remain absolutely neutral during the present war, and to renounce all further claims to compensation arising out of Clause VII of the Treaty.<sup>1</sup>

Those terms were rejected by the Austrian Foreign Minister on grounds which have no longer any practical interest. Noteworthy is his remark that even in peace time the immediate consignment of such territory as Austria might be willing to abandon would be impossible, and during the prosecution of a tremendous war it was inconceivable.<sup>2</sup> From this position he had never once swerved during the five months' conversations, and he was backed by Germany, who on March 19 had offered to guarantee the fulfilment of the promise after the war. But a fortnight later he suddenly changed his ground without really yielding the point, by suggesting the creation of a mixed commission which should make recommendations about the ways and means of transferring the strips of territory in question. But as the labours of this commission were not to be restricted in time, and as the amount to be ceded fell far short of what was demanded, Baron Sonnino negatived the suggestion.

Then and only then did the Italian Government withdraw their proposals, denounce the Triple Alliance, and proclaim Italy's liberty of action.<sup>3</sup>

<sup>1</sup> Italian Green Book, Dispatch N. 64.

<sup>2</sup> Italian Green Book, Dispatch N. 71, April 16, 1915.

<sup>3</sup> May 3, 1915. Cf. Italian Green Book, Dispatch N. 76.

Of this sensational turn of affairs the European public had no inkling. For the Italian Government was bound to reticence by its plighted word and the Germans and Austrians by their interest, which was to foster the belief that the conversations were proceeding successfully and that Austria's proposals were welcomed by the Consulta. But Italy, thus absolved from the ties that had so long linked her with Germany and Austria, entered into a conditional compact with the Powers of the Entente. In Paris the secret quickly leaked out and was at once communicated to Berlin, whose organized espionage continued to flourish in the French capital. Thereupon Herr Jagow urged Bülow to bestir himself without delay. But the Prince was hard set. On the Italian Cabinet he had lost his hold. It had already crossed the Rubicon and passed over to the Entente. True, the Cabinet was not Italy, was not even the Government of Italy. It was hardly more than a group of mere place-warmers for Giolitti and his partisans. At any moment it could be upset and the damage inflicted by Austria's stupidity made good. And to effect this was the task to which the German Ambassador now addressed himself.

He was admirably qualified to discharge it. All Italy, with the exception of a small band of nationalists and republicans, was his ally. The Pope was *ex officio* an apostle of peace. A large body of the clergy submissively followed the Pope. The Vatican and its hangers-on were sitting *en permanence* directing a movement which had for its object the prevention of war. The parliamentary majority was aggressively neutralist. The economic interests of the nation

were ranged on the same side. Almost the entire aristocracy was enlisted under the flag of the German Ambassador, at whose hospitable board the scions of the men whose names had been honourably associated with the Risorgimento met and deliberated. As yet, therefore, nothing was lost to the Central Empires; only a difficulty had been created which would serve as a welcome foil to impart sharper relief to Prince Bülow's certain victory. The man whose co-operation would win this victory was the Dictator Giolitti, and him the Ambassador summoned to Rome.

Now Giolitti was acquainted with everything that had been done by the Cabinet, including his country's covenant with the Allies, and he disapproved of it. He was also initiated by Bülow into the scheme by which that covenant was to be set aside and Italy made to break her faith, and he signified his approbation of it. Nay, this patriot went further; he undertook to aid and abet Bülow in his well-thought-out plot. It had been resolved by the German Ambassador, as soon as he learned that Italy had taken an irrevocable decision and denounced the Treaty of Alliance, that he would amend the proposals which he himself, in Austria's name, had put forward as the utmost limit to which she was prepared to go; and he was anxious, before offering them officially, to ascertain whether Italy's Dictator would accept them and guarantee their acceptance by his parliamentary majority.

That was the object for which Giolitti's presence was needed in Rome. The amended proposals were typewritten and distributed by Erzberger, the leader of the German Catholic

parliamentary party, who was an over-zealous agent of the Wilhelmstrasse and a *persona grata* at the Vatican. He, a German, had gone to Rome to bestir the neutralists and lead the movement against the Italian Government. His leaflets containing the belated concessions were given to Giolitti and his lieutenants. I received a copy myself, and sent it to the *Daily Telegraph*. The concessions were actually published in that journal and communicated to the British public before King Victor's Government, to whom Prince Bülow was accredited, had any cognizance of their existence. That this procedure involved a gross breach of the covenant between the Ambassador and Sonnino stipulating the maintenance of absolute secrecy was deemed an irrelevant consideration.

Seldom in modern times have such underhand methods been resorted to by the Government of a Great Power. Neither would it be easy to find an example of a responsible statesman behaving as Giolitti behaved and working in collusion with the Government of a State which at the time was virtually his country's enemy. This statesman, however, duly played the part assigned to him in this intrigue against his Government and country, and the success of his scheme would have left the Italian nation covered with infamy and bereft of friends. For if he had been able to conclude the compact with Austria as he had undertaken to do, his country would have been left to the mercy of his Austro-German masters, who despise Italy, and probably, if victorious, would have refused to redeem their promises, while the Entente States would have boycotted her as faithless and false-hearted. As a dilemma for Italy the position in which



she was placed must have delighted the wily Bülow. How it can have satisfied an Italian statesman is a psychological riddle.

Meanwhile the German Ambassador presented officially Austria's final proposals, as though the conversations on this subject had not been broken off. Baron Sonnino refused to discuss them. But the Dictator intended that his word should be heard and his will should be done. To the King and the Premier, Giolitti announced that, despite all that had been accomplished by the Government, he still clung to the belief that Austria's new concessions offered a basis for further negotiations, which, if cleverly conducted, would lead to the acquisition of some other strips of territory, and would certainly culminate in a satisfactory settlement.

But, not satisfied with this confidential expression of opinion, Giolitti let it be known to the whole nation that he, the chief and spokesman of the parliamentary majority, was convinced of the feasibility of an accord with Austria on the basis of her last offer, which he deemed acceptable in principle; that he saw no motives for plunging Italy into a hideous war, which would involve the nation in disaster; and that he would adjust his acts to these convictions.

This deliberate pronouncement, coming from the most prominent man in the country, had a powerful effect upon his followers and also upon the public at large. No nation desires war for war's sake, and the interpretation put upon Giolitti's words by the extreme neutralists and, in particular, by the insincere organs of the Vatican, was that he had seen enough to convince him that the Cabinet had decided

to wage war against Germany and Austria at all costs and irrespective of the nation's interests. Giolitti's parliamentary friends demonstratively called upon him at his private residence, leaving their cards, and announcing the conformity of their views to those of their leader; and as their number, which was carefully communicated to the Press, formed the majority of the Chamber, the Cabinet felt impelled to take the hint and act upon it. This was the only course open to it. For, as the ministers were obliged to meet Parliament on May 20—the day fixed for its reopening—they were sure to be out-voted on a division, whereupon a crisis, not merely ministerial but national and international, would be precipitated. The consequences of such a conflict might be disastrous. Rather than wait for this eventuality the Cabinet tendered its resignation. Thus Bülow had seemingly triumphed. The Government was turned out by Giolitti, who had accepted in advance the Austro-German terms of a settlement, and Italy was seemingly won over to the Teutons.

So far as one could judge, the fate of the nation was now decided. Its course was marked out for it, and was henceforward unalterable. For, so far as one could see, by no section of the constitutional machinery was the strategy of Bülow and Giolitti to be thwarted. In a parliamentary land the legislatures are paramount, and here both Chamber and Senate were arrayed against the Cabinet for Giolitti and Germany.

The ferment consequent upon this turn of affairs was tremendous. All Europe was astir with excitement. The Press of Berlin and Vienna was jubilant. Panegyrics of Giolitti

and of Bülow filled the columns of their daily Press.

But a *deus ex machina* suddenly descended upon the scene in the unwonted form of an indignant nation. The Italian people, which had at first been either indifferent or actively in favour of cultivating neighbourly relations with Germany, had of late been following the course of the struggle with the liveliest interest. Germany's dealings with Belgium had impressed them deeply. Her methods of warfare had estranged their sympathies. Her doctrine of the supremacy of force and falsehood had given an adverse poise to their ideas and leanings. Deep into their hearts had sunk the tidings of the destruction of the *Lusitania*, awakening feelings of loathing and abomination for its authors, to which free expression was now being given everywhere. The spirit that actuated this revolting enormity was brand-marked as that of demoniacal fury loosed from moral control and from the ties that bind nations and individuals to all humanity.

The effect upon public sentiment and opinion in Italy, where emotions are tensely strung, and sympathy with suffering is more flexible and diffusive than it is even among the other Latin races, was instantaneous. One statesman, who was a partisan of neutrality, remarked to me that German "Kultur," as revealed during the present war, is dissociated from every sense of duty, obligation, chivalry, honour, and is become a potent poison which the remainder of humanity must endeavour by all efficacious methods to banish from the international system.

"This," he went on, "is no longer war; it

is organized slaughter, perpetrated by a race suffering from dog-madness. I tremble at the thought that our own civilized and chivalrous people may at any moment be confronted with this lava flood of savagery and destructiveness. Now, if ever, the opportune moment has come for all civilized nations to join in protest, stiffened with a unanimous threat, against the continuance of such crimes against the human race. Europe ought surely to have the line drawn at the poisoning of wells, the persecution of prisoners, and the massacre of women and children. If a proposal to this effect were made, I myself would second it with ardour.”<sup>1</sup>

These pent-up feelings now found vent in a series of meetings and demonstrations against Germany as well as Austria and their Italian allies. Italy's spiritual heritage from the old Romans asserted itself in impressive forms and unwonted ways, and the conscience of the nation loudly affirmed its claim to be the main directing force in a crisis where the honour and the future of the country were at stake. And within four days of this purgative process a marked change was noticeable. Giolitti's partisans—hissed, jostled, mauled, frightened out of their lives—lay low. Many of them publicly recanted and proclaimed their conversion to intervention. The chief of the German Catholic party and friend of the Vatican, Erzberger, was driven from his hotel to the German Embassy as a foreign mischief-maker, contrabandist and spy. Some of the Press organs, subsidized or created by the Teutons, were obliged to disappear. The honest neutralist journals, yielding to the

<sup>1</sup> Cf. *Daily Telegraph*, May 10, 1915.

nation, veered round to the fallen Cabinet. In a word, the political atmosphere, theretofore foul and mephitic, became suddenly charged with purer, healthier elements—Bülow's plot was thwarted and Giolitti's rôle played out. The Salandra-Sonnino Cabinet was borne back to office on the crest of this national wave, and Italy declared war against Austria. But only against Austria. For the Cabinet, restored to power, became a cautious steward, and took to imitating him of the Gospel who hid his talents instead of augmenting them.

This restriction of military operations to the Habsburg Monarchy struck many observers as singular. In truth the motives that inspired the Government have never been authoritatively divulged. That every Italian Cabinet since Crispi's days had made a marked distinction between Germany and Austria was notorious. That Di San Giuliano felt as strongly attracted towards Berlin as he was repelled by Vienna may be gathered from the official but still unpublished dispatches that exist on the subject. But that in a war not of two individual nations, but of groups of States, one—and only one—of these should be singled out as the object of aggression aroused something more than mere curiosity. And this feeling was intensified when it became known that on the eve of the diplomatic rupture Bülow, ever on the alert for the interests of his country, had induced the Italian Government to conclude a convention with Germany for the protection of private property in case of active hostilities. For Germany possesses in Italy property valued at several milliards of francs, whereas Italy claims as her own almost nothing in the German empire. Who can read the riddle?

The adhesion of Italy to the Allies may be noted as perhaps the most important political event of the year, while the circumstances in which it was decided dispel all doubt that the Italian people were actuated by lofty motives and rose to the highest ideas involved in the European conflict, and that the Cabinet's ideals were nowise identical with those of the nation. It is alleged by certain personal friends of Baron Sonnino, who had exceptionally good opportunities for knowing what took place—and I have grounds for acquiescing in their view—that this statesman was for declaring war against Germany as well as Austria, but that Professor Salandra negated this logical and straightforward move.

That the Salandra Cabinet damaged the cause of Italy by thus endeavouring to blow hot and cold, is a fact which its warmest supporters no longer call in question. They now merely plead for extenuating circumstances on the ground that the damage was done unwittingly. "It would be unjust," the Nationalist Federzoni said in a speech delivered before the Chamber on March 16,<sup>1</sup> "to accuse the Italian Government of disloyalty or insincerity, but none the less the treaty it concluded with Germany has proved superlatively baleful to the country." Like the other allied peoples, the Italian nation has been served by a Cabinet which defeated many of the objects it was striving after.

Studying Italian politics since the war broke out is like threading the Cretan Labyrinth in a dense fog. The fog, curiously enough, which now seldom lifts, would seem to form an integral part of the politics. For one of the

<sup>1</sup> March 16, 1916.

maxims of the present chief of the Consulta, Baron Sonnino, is that secrecy is the soul of efficacy. And as thoroughness marks his action whenever it is quite free, the mystery that enwraps the schemes and designs of King Victor's Government is become impenetrable. One may form a faint notion of the stringency with which this un-Italian occultism is observed by the eminent Jewish statesman, from the circumstance that during the crisis that preceded the war, only one of his colleagues was kept informed of the progress of the conversations with Austria, and that was his own chief, Professor Salandra. As for the nation at large, it was so out of touch with the Government, and so led astray concerning the trend of events, that for months it confidently anticipated an accord with the Central Empires. Again, down to the day on which Baron Sonnino read out his last declaration in the Chamber (Dec. 1), officials of the Ministry had rigorous instructions not to give any one even a hint as to whether Italy would or would not sign the London Convention, renouncing the right to conclude a separate peace.

For a long time previously Italy's aloofness had preoccupied the Entente, and to the accord between the two there continued to be something lacking. The Italian Government, dissatisfied with the degree of help received from Great Britain, was not slow to indicate it in official conversations with our Ambassador. Happily, the silence of our Foreign Office and the secrecy of Baron Sonnino concealed the rifts of the lute until most of them were said to be repaired. In the meantime Italy persisted in concentrating on

the Isonzo and the Carso all her efforts to help the Allies against the Turks and the Bulgars. The expeditions to the Dardanelles, Salonika and Serbia evoked her moral sympathy, but could not secure her military co-operation. The generosity of the Entente, and of Britain in particular, towards Greece was an additional stumbling-block, and the offer of Cyprus to King Constantine an abomination in her eyes.

That Italy's impolitic aloofness could not last, without impairing the worth of her sacrifices, was obvious. And the extent to which co-operation could be stipulated and the compensations to which that would entitle her, formed the subjects of long and delicate conversations between the interested Governments. For, naturally enough, Baron Sonnino, whose domestic critics are many and ruthless, was desirous of getting all he could in the Eastern Mediterranean and Asia Minor, while measuring out with patriotic closeness the military and naval help to be given in return—Italy's position, economic, financial and strategic, differing considerably from that of the other Great Powers. It was not until the end of November 1915 that these negotiations were worked out to an issue; and on the 30th King Victor's Government signed the Convention of London, undertaking not to conclude a separate peace.

The gist of this supplementary accord, in so far as it imposes fresh obligations upon Italy, was communicated to the Chamber by Baron Sonnino. It provided for the organization of relief for the Serbian troops in Albania, and for other auxiliary expeditions to places on the Adriatic coast. But it leaves intact the essential and standing limitations to Italy's



military and naval co-operation which had to be reckoned with theretofore. And these may be summarized as follows: King Victor's Government, while examining every proposal coming from the Allies on its political merits, must be guided by the military and naval experts of the nation whenever it is a question of despatching troops or warships to take part in a common enterprise. Italy's first care is to hinder an invasion of her territory. The next object of her solicitude is to husband her naval and other resources and cultivate caution. Lastly, the extent of her contribution to an expedition must be adjusted to her resources, which are much more slender than those of any other Great Power, and are best known to her own rulers. And her financial means are to be reinforced by contributions from Great Britain.

Those, in brief, are some of the lines on which the latest agreement has been concluded.

## CHAPTER XVI

### ROUMANIA AND GREECE

THAT Roumania would now take the field was a proposition which, after the many and emphatic assurances volunteered by her own official chiefs, was accepted almost universally. She had received considerable help from the Allies towards her military preparations. Her senators and deputies had fraternized with Italians and Frenchmen and her diplomatists had been in frequent and friendly communication with those of France, Britain and Russia. Even statesmen had allowed themselves to be persuaded by words and gestures which it now appears were meant only to be conditional assurances or social lubricants. The Serbian Premier, for instance, whose shrewdness is proverbial, exclaimed to an Italian journalist, in the second half of June: "Roumania cannot but follow the example set her by Italy. Indeed, you may telegraph to your journal that Roumania's entry into the arena is a question of days and it may be only of hours. Of this many foretokens have come to our knowledge."<sup>1</sup> But the optimists who had drawn practical conclusions from Roumanian promises and friendships lost sight of the difference between their own mentality and that of the Balkan peoples. They also failed to make due allowance for the influ-

<sup>1</sup> *Giornale d'Italia*, June 19, 1915. *Corriere della Sera*, June 20, 1915.

ence of German interpenetration, the power of German gold, and the deterrent effect of German victories. And above all, they left out of consideration the really decisive question of military prospects as conditioned by strategical position and supplies of munitions.

The party of intervention, however, was still active and full of ardour. Its chief, Take Jonescu, is not merely Roumania's only statesman, but has established a claim to rank as one of the prominent public men of the present generation. Unluckily he has long been out of office, and his party is condemned to the Cassandra rôle of uttering true prophecies which find no credence among those who wield the power of putting them to good account. M. Bratiano's appropriate attitude may be described as statuesque. Occasionally his Press organs commented upon the manifestations of the interventionists in words barbed with bitter sarcasm and utilitarian maxims. "Roumania's blood and money," the *Independence Roumaine* explained, "must be spent only in the furtherance of Roumania's interest." Her cause must be dissociated from that of the belligerents. To this Take Jonescu replied<sup>1</sup> that it is precisely for the good of Roumania that her interest should not be separated from that of the Entente Powers in the conflict. For on the issue of this conflict depends the state-system of Europe and also the future of Roumania. If the Germans are triumphant, he added, force and falsehood will triumph with them, the State will acquire omnipotence, the individual sink into serfdom. Neutrality during a war with such issues is, therefore, the height of political unwisdom.

<sup>1</sup> *La Roumanie*, July 26, 1915.

Greece, after Venizelos's retirement, returned to the narrow creed and foolish pranks of her unregenerate days, sinking deeper into anarchy. More than once in her history she had been saved from her enemies and once from her friends, but from her own self there is no saviour.

As soon as the Kaiser's paladin, King Constantine, had dismissed his pilot and taken supreme command of the Ship of State, the portals of the realm were thrown open to German machinations. The weaver in chief of these was Wilhelm's confidential agent, Baron Schenk. According to his own published biography, this gentleman had in youth been the friend of the two sisters of Princess Battenberg, the Grand Duchess Serge and of the Russian Tsaritzza. He had served in the German army, become the representative of the firm of Krupps, and been received at the German court. While Venizelos was in office, Baron Schenk flourished in the shade, but as soon as the Germanophile Gounaris took over the reins of power, the secret agent went boldly forward into the limelight and became the public chief of a party, received openly his helpmates and partisans, distributed rôles and money and set frankly to work to "smash Venizelos."

King Constantine's protracted and strange malady hindered the Queen, who is the Kaiser's sister, from receiving visits. Even the wives of ministers were denied access to her Majesty. But the baron was an exception. He called on her almost every day. Cabinet Ministers consulted him. Journalists received directions, articles and bribes from him. And when the elections were coming

on every venal man of influence who could damage Venizelos or help his antagonists was bought with hard cash. In order to defeat some Venizelist candidates whose return would have been particularly distressing, the Baron is said to have spent six hundred thousand francs.<sup>1</sup> And it is held that the results obtained by these means were well worth the money spent. For the parliamentary opposition was strong and aggressive, and some of its more active members had imbibed Hellenic patriotism from the German Schenk. They have since been toiling and moiling to disqualify Venizelos permanently from office on the ground that he is a republican, and that the destinies of monarchy would not be safe in his hands. By these means German organization, which finds work and room for kings and for poisoners, for theologians and assassins, has transformed Greece into a Prussian satrapy which avails itself of the freedom of the seas, established by the Allies, to carry on contraband to their detriment and give help and encouragement to Austrians, Bulgars and Turks. And the Turks were meanwhile extirpating the Greeks of the coast of Asia Minor.

Bulgaria's attitude underwent no momentous change during the interval that elapsed between the outbreak of the war and the close of the first year. Symptoms of a new orientation had, it is true, often been signalled and commented, but Ferdinand of Coburg and his lieutenants remained steadfastly faithful to the policy of quiescence which had conferred more substantial benefits on Germany and Austria than could have been bestowed by the active

<sup>1</sup> *Gazette de Lausanne*, July 6, 1915, and *Corriere della Sera*, July 8, 1915.

co-operation of the whole Bulgarian army. This tremendous effect could never have been obtained if Bulgaria had entirely broken with the Powers of the Entente. It seemed as essential to its success that these should never wholly give up the hope of winning her over, as it was that her important movements should be conducive to the interests of their enemies. Hence every secret arrangement with Berlin and Vienna was emphatically denied, and every overt accord declared to be devoid of political significance.

It was thus that Europe was directed to construe the negotiations between the Sofia Cabinet and the Austro-German financial syndicate respecting the payment of an instalment of the £20,000,000 loan contracted shortly before the war. That Germany, whose financial ventures are invariably combined with political designs, would not part with her money to Bulgaria at a moment when gold is scarce, unless she were sure of an adequate political return, could not be gainsaid. And that the retention by Bulgaria of her freedom of action would be incompatible with the interests of Austria and Germany is also manifest. However this may be, the twenty millions sterling demanded by Sofia were accorded, and the legend was launched that the transaction was purely financial.

Towards the end of July<sup>1</sup> King Ferdinand's ministers made another momentous move, the consequences of which cut deep into the political situation. A convention was signed in Stamboul between the Turkish and Bulgarian Governments by which the former ceded to Bulgaria the Turkish section of the Dedeagatch

<sup>1</sup> July 22, 1915.

railway—that is to say, the whole line that runs on Turkish territory, together with the stations of Dimotika, Kulela-Burgas, and Karagatch. The new boundary ran thenceforward parallel to the river Maritza, all the territory eastward of that becoming Bulgarian.

And this concession, King Ferdinand's ministers would have Europe believe, was devoid of political bearings. It was merely a case of something being given for nothing. And the Allies allowed themselves to be persuaded that this was the real significance of the deal. The German Press was more frank. It announced that the relations between Bulgaria and Turkey had entered upon a decisive phase and that all fear of Bulgaria's taking part in the war on the side of the Allies had been definitely dispelled.

The Bulgarian problem throughout all that wearisome crisis, which ended by Ferdinand throwing off the mask, was in reality simple, and the known or verifiable facts ought to have been sufficient to bring the judgment of the Entente statesmen to conclusions which would have enabled them to steer clear of the costly blunders that characterized their policy. The line of action followed from first to last by Ferdinand was supremely inelastic: only its manifestations, of which the object was to deceive, were varied and conflicting. It was bound up with Austria's undertaking to restore Macedonia to Bulgaria and to maintain Ferdinand on the throne. This twofold promise was the bait by which the king was caught and kept in Austria's toils, while the Bulgarian people was moved by patriotism to identify its cause with that of Ferdinand. And the arrangement was to my knowledge

completed before the opening of the European war. Evidence of its existence was forthcoming, but the statesmen of the Entente, who allowed preconceived notions to overrule the testimony of their senses, declined to accept it. Since then the Bulgarian Cabinet, in the person of the Premier, has publicly admitted the truth of my reiterated statement. In a public speech, delivered in March 1916, "M. Radoslavoff confessed that Bulgaria had entered the war by reason of certain obligations which she had assumed."<sup>1</sup>

But there was another safe test which the Entente Governments could have applied with profit to the situation. Interest was obviously the mainspring of the Bulgarian nation by whomsoever it might chance to be represented. It would be inconsistent with the conception of international politics to assume any other. Now that interest, it was obvious, could be so fully and rapidly furthered by the Central Empires, and in the judgment of the Bulgars with such finality and at the cost of so few sacrifices, that it was sheer impossible for the Entente Governments to attempt to compete with those. Bulgaria demanded immediate possession of Central Macedonia and the permanent weakening of the Serbian State. And this the Central Empires promised to effect within a few weeks from Bulgaria's entry into the war. Moreover, while asking that she should take part in a struggle against that group of belligerents which she deemed by far the weaker, they undertook to give her the full support of the two greatest military Powers in the world.

<sup>1</sup> Cf. *Daily Telegraph*, March 14, 1916, in telegram from Athens.



Consider the difference between that arrangement and the attractions provided by the Entente. Russia, France and Britain could deal only in counters, not in hard cash like their adversaries. The utmost they were able to offer was an undertaking to use their good offices with Serbia and Greece to obtain the promise of a part of Bulgaria's demands. And the fulfilment of this promise would of necessity be conditional on the victory of the Allies. As for the weakening of Serbia, it could not be entertained. On the contrary, that State, according to the Entente scheme, would be greatly enlarged, would, in fact, become by far the greatest of the Balkan nations. And for this shadowy lure, Bulgaria was expected to meet in deadly encounter the greatest military empires the world has ever seen, and to meet them without the help of any of the Great Powers of the Entente.

One has but to compare these two alternatives in order to realize that, even if Ferdinand had entered into no binding compact with Austria and Germany, he would not hesitate a moment between them. Personally and politically he was held tight by the Teuton tentacles.

The currency of the notion that with these competing offers before him, a crafty statesman like Ferdinand who felt over and above that Russia's vengeance was hanging over his head, would take what he believed was the losing side, shows a degree of *naïveté* which cannot be qualified without epithets which it had better be understood than expressed.

Looking back upon the results of the first twenty months of the war and upon the more obvious causes to which they may

fairly be ascribed, one is struck less forcibly by the military and economic unpreparedness of the Allies for the inevitable conflict than by their inaccessibility to the ground ideas on which Germany set her hopes of success. The two groups of belligerents stood intellectually on different planes. The Teuton's faith was implicit in the law of causality, in the necessity of contemplating the vast problem as a whole, of adjusting means to ends, of co-operation at home and co-ordination of means abroad. The methods of the Allies were drawn from a limited range of experience which was no longer applicable to the new conditions, and their hopes rested on a series of isolated exertions put forth temporarily under stress of exceptional pressure.

They made noble sacrifices for the cause of liberty and justice. Pacific by temperament and conviction, they resignedly accepted military discipline as a temporary expedient, a purgatorial ordeal, and went about the while with a sense of displacement, the longing of exiles to get back. Spurred by stress of circumstance, they achieved more than foresight and insight had led them to design but far less than their optimism had encouraged them to anticipate. Step by step they were driven by hard reality to widen their angle of vision, to extend their schemes, and to concert certain measures in common. The meeting of the three Finance Ministers in Paris was followed by the Councils of the allied generals, by the combined expedition to the Dardanelles, and by the nationalization of the manufacture of munitions in each of the allied countries. And all these innovations were moves in the right direction. But they were made as temporary

expedients under pressure of outward events, and it is still to the future that one looks for tokens of statesmanlike intuition which from a comprehensive survey of the problem in its entirety will draw the materials wherewith to weave a coherent scheme of general action and permanent co-operation.

Events travelled fast in the month of July 1915, and their effect on the Allies was depressing. In Russia the Austro-Germans were advancing steadily against Riga and Warsaw, where a battle which experts accounted the most sanguinary and momentous in the war was approaching a decision. A fatal bar being placed by Russia's reverses and other untoward occurrences to the realization of the hopes that had been raised by Kitchener's army, the French, headed by M. Pichon and backed by the Russian Press, once more mooted the vexed question of Japanese intervention. In the Turkish dominions the Greeks were subjected to relentless persecution, especially on the coast of Asia Minor. The massacre of Armenians on an unprecedented scale was reported from Bitlis, Moosh, Diarbekir and Zeitun. In the first-named region 9,000 bodies, mostly women and children, were, it is alleged, cast into the river Tigris.<sup>1</sup> The Swedish Premier, by an enigmatic speech in which the doctrine of neutrality at all costs was ostentatiously repudiated, aroused suspicion of an intention on the part of his Government to join the Teutons in order to weaken the Slav neighbour, and to this apprehension colour was imparted by the tardy announcement that since the outbreak of the war Sweden had increased her army from 360,000 to 500,000 men. In the

<sup>1</sup> *Novoye Vremya*, July 22, 1915.

United States mysterious "accidents" and mishaps occurred on board warships and in munitions and arms manufactories, and strikes were organized by Germans and Austrians on a scale which attracted the serious attention of the Washington Government.

But the last month of that fateful year was further darkened by the most dangerous and ominous event recorded in the United Kingdom since the war began. Over 200,000 coal miners of South Wales deliberately, obstinately and criminally withheld their labour from their own nation, whose existence at that moment was dependent on its bestowal. The coal pits of South Wales remained idle for over a week. The miners crossed their arms and turned deaf ears to the voice of reason and interest calling on them not to sacrifice the lives of their kith and kin who were fighting for them. This act of black treason to the country had been foreseen and foretold months before, but out of consideration for the rights of individuals was allowed to take place. The Germans and Austrians were exultant, for another couple of weeks' strike would have given them the victory. Already the collapse of our defence was become a definite eventuality. The tact and statesmanship of Mr. Lloyd George exorcised the redoubtable spectre, but the spirit which that piece of treason revealed filled the most sanguine with dread and set those of little faith asking themselves whether this lamentable phenomenon was not one of certain ill-boding symptoms which seemed to reveal the smoothly moving current that bears doomed nations onward to their fate.

Certainly nothing could put in a clearer light than that strike has done the peremptory

necessity of national discipline, at any rate in war-time. The State that is unable to command the service of all its citizens when beset by ruthless foreign enemies has lost its lease of life and its right to live. It must be recognized that patriotism is still an unknown sentiment among millions of those who are citizens of the United Kingdom and Ireland. Patriotism has never been systematically inculcated among us as in Germany, France and Russia. Parochial or at most party interests still mark the loftiest heights to which certain sections of the population can soar above the dead level of individual egotism. In Germany and Austria strikes during war are unthinkable. Every railway official, every tram-conductor, every artisan there is a soldier subject to military discipline and is expected to give the fullest measure of his productive powers to the nation. And it is fair to add that they all regard this duty as a signal honour and a source of pleasure. For to them patriotism is a religion and their country a divinity.

The depth and fervour of this self-denying spirit among them as contrasted with the "healthy individual egotism" of the Allies constitutes one of the most disquieting phenomena of the struggle. Austria has been scoffed at for her abject submissiveness to Germany. But there is another way of looking at her attitude. She has courageously effaced her individuality more completely even than Turkey for the sake of the common cause. And she has lost nothing by the painful effort. Her various peoples who were expected to be tearing each other to pieces have given us a splendid example of discipline and self-abnegation. In the Skoda works at Pilsen, where

machine guns are made, fifteen thousand workmen are cheerfully toiling and moiling every day of the week, Sundays and holidays not excepted. Since the war began Germany has accomplished as great things at home as on foreign battlefields. She built and launched a Dreadnought of 25,600 tons, a line-of-battle ship of 26,200 tons. And while the latter vessel was on the stocks, the reports published in the British press of the splendid results obtained by the 15-inch guns of the *Queen Elizabeth* moved the German Admiralty to substitute these for the 12-inch guns already adopted. Two swift cruisers, 12 small submarines and 24 larger ones of 1200 tons displacement, with a speed of 16 knots under water, 20 on the surface and a radius of action of 3000 miles—were among the results of a single year's activity.

## CHAPTER XVII

### GERMANY'S RESOURCEFULNESS

AND our enemies' resourcefulness and power of adaptation is of a piece with their capacity for work. When war was declared and foreign trade arrested, numerous German factories underwent a quick transformation. Silk-works began to turn out bandages and lint; velvet works produced materials for tents; umbrella makers took to manufacturing rain-proof cloth; the output of sewing-machine factories was changed to shrapnel; piano manufacturers became makers of cartridges. Paper producers supplied the War Office with paper-made blankets. For copper, when the supply began to grow short, nickelled iron was quickly substituted. Sugar was employed to obtain the spirit which had to take the place of benzine. And the upshot of these transformations is that the orders received for military needs exceed those which would in normal conditions of exportation have been placed by foreign customers with German industry. The goods traffic on German railways, which had fallen to 41 per cent. during the first month of the war, has since gone up to 96 per cent. Those achievements are not merely noteworthy in themselves, they are ominously symptomatic.

A German professor, writing to a friend imprisoned in France, commented in passing

upon these qualifications of his countrymen in a letter which M. Joseph Reinach soon afterwards gave to the public. One passage in that document is worth quoting. The professor holds that even if the worst comes to the worst, Germany can always conclude a "white peace" which will leave her the formidable glory of having held the whole world in check, will consolidate her prestige in Europe and enable her, twenty years hence, when she has made good her losses, to establish permanently her dominion. "My confidence is based on German patriotism, on German sense of discipline, on German genius for organization. But it is founded above all else on our enemies' incapacity for organization. Ah, if our adversaries could enhance the worth of their resources by acquiring our gifts of initiative and method, we should be lost! I am thrilled by the picture of what we could accomplish if we were in the places of the English and the French and by the thought of the danger that would confront us if they but knew how to utilize the force of their allies as we have availed ourselves of those of Austria and Turkey."

Those reflections find their fairest comment in the events of the twenty months that have passed since the opening of the campaign.

Our enemies' reading of those events is instructive. The Austrian Press hails them as satisfactory. Even the Socialist organ<sup>1</sup> declares that, in the qualities that go to the attainment of success, "Austria holds the first place." The Austrian General Staff wrote eight months ago: "Our troops have now been fighting for a twelvemonth. . . . A whole world

<sup>1</sup> *Arbeiter Zeitung*.



of enemies rose up against the Central Empires, and more than once our army had to bear the brunt of their formidable onslaught. To-day, they hold but small tracts of territory in western Galicia and Alsatia, whereas Germany's hand is closed in a tight grasp on Belgium and the richest provinces of France, and in the north-east the allied forces of Austria and Germany have penetrated well into Russian Poland. The cannons' muzzles are turned against the most powerful fortresses of the Tsar, and in the Dardanelles our third ally keeps watch and ward imperturbably."

The War Lord himself has recorded his estimate of the results of the first year's campaign. "Germany," he stated in a speech delivered at Lemberg, "is an impregnable fortress. In her forward march she is irresistible. She will prove to the world that she can overcome all her enemies and will dictate to them the peace terms that please herself." And in a discourse pronounced at Beuthen he recorded his view of the Allies' outlook in these words: "Our enemies are floundering in confusion. Among themselves they are not united. They are disorganized by the struggle, disheartened by the knowledge that they are powerless to conquer Germany. German valour, German organization, German science have emerged with honour from this ordeal, the most terrible that a nation has ever undergone. Germany is greater and mightier than ever before."

It behoves us to learn from our enemies, and, abstraction made from the monstrosities which are indelibly associated with the German name, there is much which the Teutons can still teach us. That the secret of success lies

in a comprehensive system of organization is self-evident. But that organization must utilize all the resources of the Allies and include permanent arrangements, economic and other, for a future which shall not be a continuation of the past. Many of the advantages which the old ordering of things assured us are gone beyond recall. Conscription is become inevitable. Free trade is an institution of the past. The control of armies in the field by delegates of a democratic parliament such as is now demanded by the French Chamber is a dangerous craving for the fleshpots of Egypt. Whether Germany wins or loses, her rebellion against European civilization will effect substantial and durable changes in the methods of that civilization from which even the United States will not be exempted.

Thus between the old order of things and the new yawns an abyss which has to be crossed before we can worst our enemies even in the military campaign which is but one phase of the world-struggle. Our resources for the purpose of bridging it are ample, but our first difficulty is the circumstance that we are chained to the old system and are still unwilling to burst the bonds that hold us. And until efficacious means of effecting this are adopted the end must remain unattainable. Victory will not descend on our camp like a manna from on high. The Allied Armies do not resemble the mulberry tree which, having long lagged behind its rivals, suddenly bursts into fruit as well as flower.

During the past twenty months the Allies in general, and the British in particular, have achieved feats of which they have reason to be proud—feats which two years ago seemed

beyond the compass of human effort. But, much as we have done, we have not reached, nor indeed attempted to reach, the limits of our capacities, and the story of these memorable twenty months of struggle is dimmed by the shadow of the vaster exploits from which we have unaccountably shrunk.

The old-world social conceptions still prevalent in Great Britain afford no standard by which to gauge the significance of the crisis through which Europe is passing, nor do they provide efficacious means of satisfying the pressing needs which it has created. Yet the nation's guides perceive nothing to change in those conceptions; on the contrary, they uphold them zealously. No event has occurred in modern times of greater concern to Europe than the unleashing of disruptive forces which threaten when the war is over to break up the politico-social fabric. Now, the mere prospect of this tremendous upheaval and of its sequel is, one would fancy, calculated to arouse the spirited interest of all the nations affected. Yet in Great Britain, whose very existence it menaces, it was at first received with such unmeaning comments as "business as usual." The alertness of the people's sensations—always inconsiderable—for volcanic outbursts which have their centre abroad, has never been quite so blunted as to-day.

Germany cultivates force not for its own sake but because it happens to suit her particular purpose. For this reason she preaches the doctrines that right and might are identical, that the end hallows the means, that military and political necessity overrule treaties and laws. For as violence and cunning may still gain triumphs, under the conditions that once

rendered them the only weapons of man, Germany's first step is to bring about such conditions and to spread faith in the teachings of the new gospel. What the success of these efforts would involve is evident. All the ground slowly and painfully reclaimed from the primitive state of nature, transmuted into social order, and moralized by the altruistic accord of progressive humanity, would be submerged by the tidal wave of Teutonism.

The first clash of the two forces which took place a generation ago was hardly noticed. Germany stretched out her feelers tenderly, and even when she was draining nation after nation of its life juices, she took care to lull the patient while sucking his blood. Accordingly her attack provoked no counter-attack, nay, there was no serious attempt at defence. Those who directed the forces of the civilized communities were unconscious of the counter-force that was steadily undermining these—so unconscious that in lieu of isolating and paralysing it, the tendency of their endeavours was to further and to strengthen it. For they hastily assumed that it, too, was a great moral force in an uncouth guise and should also be tended and cultivated. Their duty, had they hearkened to its promptings, would have been to employ towards the criminal plotters against Europe's civilized communities coercion of the same drastic description that once enabled mankind to substitute for the barbarous usages of savage tribes the habits of social relationship and moral self-surrender to the weal of all. Among the mainstays of Germany's type of society and the instruments by which it was built up are heavy artillery, mighty armies, the gallows, bribery and guile. With some of

those arms she had opened the campaign of conquest a quarter of a century ago, and of that campaign the present war, unexampled though it be, is but an acute and transient episode. This would appear to be the only true reading of contemporary events.

Few careful students of European politics will now deny that the struggle between the forces for which Teutonism stands and those on which the social ordering of the rest of Europe is based was inaugurated long ago, that the ground was then cleared for the new politico-social structure, or that the dissolution of our "effete, drowsy States, saturated with wealth and honeycombed with hypocrisies," was carefully planned and taken in hand with scientific precision. It is equally clear, to those who have eyes to see, that the present clash of nations, despite its appalling effects on civilization, is but an acuter phase of that campaign, a series of incidents in a mighty struggle which neither began in July 1914 nor will end with the close of hostilities, but will rage on for years to come in less sanguinary but more decisive forms. For the future peace—whatever its terms—which will silence the cannon's boom, will but transfer the war theatre without ending the war. The methods will be changed from military to economic. But only the weapons will be different; the military discipline, the callous indifference to the dictates of human and divine law, the utter absence of scruple will continue to characterize the tactics of our enemy, who will then have a wider scope for his activities than the battle-field can offer. The German has no match among the allied nations in the regions of the new diplomacy, trade, industry, applied

science, insidious journalism and vast organization. He is incomparably better equipped than they, and owing to his amorality has none of those obstacles to contend with which so often confront them with scruples and check their advance.

And during the progress of the present war the Teutons are making ready for that economic-political duel which will, they hope, give them the decisive superiority for which they had vainly hoped from the war. That hope, if their experience of the past thirty years be a fair indication, is by no means groundless.

Not to realize these facts to-day is to play into the hands of our enemies, as we have been steadfastly doing during the past thirty years. The British and their allies are being overcome less by German skill and cleverness than by their own sluggishness, narrowness of outlook and love of ease. As the German professor, whose utterances I have already quoted, tersely put it: "My confidence is founded above all else on our enemies' incapacity for organization." In truth, it is not inborn incapacity to which we owe our unquestioned inferiority, but to the atrophy of will-power which is one of the consequences of years of egotism, overweening confidence, self-indulgence and the loss of an inspiring social faith.

Now, there is every reason to assume that these master facts are not yet recognized by our rulers, who seem perfectly contented that the nation should go on living as before from hand to mouth, with no far-reaching views for the future. This insular narrow-mindedness is natural. For the Ministers in power are the same who obstinately refused to credit the evidence of their senses, which went to prove

that Germany was bending all her energies to the successful prosecution of a formidable campaign against us and our presumptive allies for a whole generation. The frank recognition of this state of masked hostility would have imposed on the Government the correlate duty of taking up the challenge, readjusting our public life to the altered conditions, urging the nation to make heavy sacrifices and dissatisfying radical constituencies, whose one ideal is to devote themselves exclusively to parochial policy and domestic legislation. And the chiefs of the party in power lacked the mental and moral strength to throw off their deep-rooted apprehension of the consequences to party prospects, of increased taxation and other burdens of citizenship. They never grasped the situation as a whole, but restricted their survey to each fragmentary question as it was thrust into the foreground of actualities and eliminated every other.

## CHAPTER XVIII

### THE PERILS OF PARTY POLITICS

No bold, broad, stable policy, therefore, was ever conceived by those party politicians. The vast organization which was destined to destroy the old order of things in Europe, and whose manifestations were an open book to all observers who brought acuteness and patience to the study, was not merely ignored by them—its very existence was denied, and those who refused to join the ranks of the deniers were brand-marked as mischief-makers. The nation's responsible trustees, by way of justifying this singular attitude, accepted implicitly our enemy's account of his unfriendly acts and enterprises. Thus it was the chief of His Majesty's Government who, from his place in the House of Commons, emphatically asserted that it behoved the British nation to welcome the Baghdad railway enterprise as a precious cultural undertaking devoid of political objects and, therefore, well worthy of our support. In vain the writer of these lines laid bare the real designs of the German Government, and adduced cogent proofs that the seemingly cultural scheme was but an integral part of a vast campaign, of which one object was the ousting of Britons from the Near and Middle East and the substitution of German overlordship there. They shut their eyes and stopped their ears, and



bade us rejoice that Britain is not as other countries and can afford to welcome and even further Germany's "cultural" projects.

It was our party politicians who, when the ground-swell of international anger and the premonitory rumble of volcanic forces became audible, diverted public attention from the symptoms and solemnly assured their countrymen that Germany had no intention of going to war. To the author of these pages, who was at the pains of unfolding in private his information and conclusions on this subject to one of those leaders, the answer given ran thus: "Your intentions are patriotic and your accuracy of observation is probably scientific. But your conclusions are wholly erroneous. You must admit that you are a pessimist. Nor can you deny that we members of the Cabinet dispose of fuller and more decisive data for a judgment than you, with all your opportunities, can muster. After all, we do know something of the temper of the German Government. And we have cogent grounds for holding that neither the Kaiser nor his Ministers want war. Bethmann Hollweg is the most pacific chancellor Germany has ever had. And the German people, bellicose though you think them, are to the full as peace-loving as our own. Their one desire is to be allowed to vie with us in commercial and industrial pursuits. So true is this, that if we suppose the improbable, that the Kaiser's Government should feel disposed to bring about a European war, that design would be thwarted by the Reichstag backed by the bulk of the population."

Thus the men who presided over the destinies of the British Empire either had no eye for

the triumphant progress of the German campaign that had been going forward for years unchecked, or, if they discerned any of its episodes, saw them only through the softening and distorting medium of deceptive assurances and explanations emanating from Berlin. And on the strength of these illusive phrases they kept the country in a state of unpreparedness for the military form of the struggle for which our enemy was making ready, and if they had had their way our navy—which was our anchor of salvation—would also perhaps have been shorn of its strength.

When at last the war broke out, it was our party politicians, the men to whom we still look up for light and guidance, who misinterpreted its nature and underestimated the urgent needs of the Empire. It was they who conceived the campaign as though it were one of our occasional colonial expeditions, and would fain base the strength of our land army abroad on the small number of troops which the Government had conditionally undertaken to provide. And throughout the first sixteen months of the war, it was they who went on doling out contingents with Troy weights and measures like Mrs. Partington beating back the tidal waves with a mop. It was they, too, who were at extraordinary pains and risked their prestige, to throw away the splendid privileged position which, at the outset of the struggle, we chanced to occupy in South-Eastern Europe. Every blunder into which petty municipal minds could fall when confronted with a wild revolutionary welter, marked the hesitant policy of the British Government. This aimless chaos of soul was the main cause of the woeful waste of our

political advantages and enormous resources in the accomplishment of secondary ends which generally led nowhere. It was thus that they forfeited the active support of Turkey, Bulgaria and Greece, foolishly stood by applauding every step those nations took towards the camp of our enemies, and then felt constrained to turn to their own people whom they had unwittingly misled and call upon it for the sacrifice of the flower of its manhood.

It was they who sacrificed, through sheer administrative incapacity, the decided superiority over the Teutons which we enjoyed in the air at the outset of the war. It is now admitted that our mastery in that region was then complete. All that the country demanded of them was that they should hold it. But what with divided control, restricted views, and the policy of insufficient means—*petits paquets*—as the French term it, they allowed our enemies to outstrip us. And to-day in the air as on land it is the Germans who have the initiative and the Allies who are condemned to the defensive. Yet experts had pointed out over and over again what should be done and what avoided. Their advice was obviously sound and their criticism obviously irrefutable. But the men in power fumbled and floundered on until we had forfeited our mastery in the air to our enemies. And ever since then the nation has been paying the penalty. Yet it is to the men responsible for these costly blunders that the nation still looks for salvation!

It was the same men who conceived or sanctioned the plan of an expedition to Mesopotamia. Whether this was a wise or a foolish project, when once decided upon it should have been carried out with might and main.

All the means requisite to success should have been taken; all the resources possessed by the Empire should have been drawn upon and nothing needlessly left to chance. Above all things else, the views of the man charged with the execution of the plan should have been elicited and carefully weighed. As a matter of fact, General Townshend's judgment was decidedly adverse to the expedition under the conditions in which it was planned. For the forces assigned to him, amounting to far less than a division, were absurdly inadequate, and their inadequacy was easily demonstrable. He ought to have had at least two divisions more. But once again the game of divided control and diluted responsibility was played, with consequences which would in any other country suffice to wreck the Government chargeable with the blunder.

Yet it is to the men who committed that and all the other blunders that the nation still looks confidently for salvation!

If the British people finally obtain it under those leaders they may fairly claim to have abrogated the law of cause and effect.

These same men are still the mentors and the spokesmen of a free nation which can choose its leaders. It is they to whom the people has entrusted the conduct of the most critical phase of the whole campaign in which the recurrence of similar errors may foredoom the Empire to disruption. And it is, humanly speaking, inconceivable that miscalculations of that kind should be eliminated, in view of the crucial fact that the Ministers at present in power, if we may judge by their utterances and their acts, entertain a fundamentally false conception of the relations between the Teutons

and the allied nations. Among the elements of that conception there would seem to be no room for the historic past. The present stands by itself with a history that goes no further back than the month of July 1914, and will convulsively come to an end with the truce that ushers in the future treaty of peace. For that diplomatic instrument will put an end to the struggle and inaugurate an era of international tranquillity. Such is the theory on which their entire policy is based.

We must fight on now to a *finish*, but the upshot is sure to be a finish. Their anticipations of an unclouded dawn, when the present night has worn itself into the streaky greyness of morning, are certain to come to pass. The ordeal which we are undergoing is tremendous, but at any rate the nation and its allies will emerge from it rejuvenated under the spell of the present magicians, as the old ram emerged lamb-like and frisky from Medea's cauldron. That, in brief, would seem to be the picture in the mind's eye of the British Government, and to that conception all their plans are being accommodated.

As a matter of ascertainable fact, neither we nor our Allies have anything of the kind to hope for. In the near future the present campaign will have come to a close, but not the struggle between ourselves and our Teuton aggressors. For this war, far from ending the tragic duel between the two types of community life in Europe, is but one of its transient episodes. The trial of strength began many years ago and will not be decided for many years to come, how satisfactory so ever the terms of the future peace may be to ourselves and our Allies. This is a fundamental truth

which has not yet penetrated the consciousness of either rulers or people. And for that reason the problem awaiting them is misstated, belittled. According to the received version it is to beat back German aggression and render it impossible in the future. Now, however successfully the first part of the task may be discharged—and it is still very uphill work—the second is a sheer impossibility, and to lay our plans as though it were feasible and soon to be realized, is to embark on the body of a sleeping whale in the belief that it is an island in the sea. And to negotiate peace abroad and give an impulse to politics at home, with that comforting prospect in mind, is to lead the nation into a Serbonian bog whence no escape is possible. The leaders of Great Britain are so permeated with the duties, the rights, the hopes and the strivings of parliamentary parties, that they involuntarily think in terms of home politics and have no chord in their being responsive to the emotions that sway the German soul and nerve the German arm.

To the average mind it is clear that the terms on which peace might be negotiated, if the end of the war were also to be the end of the struggle, might differ considerably from those on which a statesman would properly insist, were he convinced that the sheathing of the sword marked but the opening of a new phase of the duel. And it is this alternative which it behoves us to lay at the foundation of our peace treaty, if it should rest with the Allies to impose their terms. The problem, therefore, which a Government that governs has to tackle, is twofold: the conclusion of such a peace as will confer on the Entente

States, individually and collectively, all possible advantages, not for contemplating such a tranquil state of things as the ministerial conception postulates, but for the prosecution of the struggle with the greatest chances of success, and for the reconstruction of the social fabric at home with a view to harmonizing it with the new requirements, and, in particular, with the needs created by the constant state of economic, financial, diplomatic and journalistic warfare in which we shall be engaged. The social ordering of Great Britain must be not merely modified but remodelled and rebuilt from the groundwork to the coping-stone. One of the first needs of the nation is the education, physical and spiritual, of the new generation. Patriotic sentiment must be engrafted on the receptive soul of the child, and its range of sympathy widened and deepened. The duty of self-abnegation for the welfare of the community must be inculcated, together with new conceptions of personal dignity and worth. To the domestic sentiment in those cramped and distorted forms in which it still survives in Britain, where we cling tenaciously to so many institutions devoid of life and utility, a less commanding part must be assigned in the future than heretofore. Above all, it behoves us to encourage the scientific spirit with its correlates, patient thought and study, as opposed to the arrogant amateurism which, without rudimentary qualifications, claims to have a voice in the solution of every problem under the sun. It is largely to this dilettante temperament of the nation and its rulers that we owe the disasters we have sustained and the dangers with which we are threatened.

Looking back, then, dispassionately upon the movement, deliberately organized over thirty years ago by the restless German mind and pushed steadily forward ever since over diplomatic barriers, financial hindrances, economic obstacles and international laws, one is struck less by the unparalleled magnitude of the enterprise than by the blindness and sluggishness of its destined victims. And it is largely in these and kindred negative qualities that we have to seek for the clue to the astonishing sequence of successes scored by our enemies in their military and naval, as well as their politico-economic, campaigns. Moreover, these same defects, deep-rooted and widespread among the allied peoples, constitute their main source of weakness during the economic and decisive tug-of-war which will be ushered in by the treaty of peace. For the temperament, traditions and strivings of each of these nations are so many obstacles to the gathering of their scattered moral energies and wasted spiritual forces in one fertilizing stream. They are bent on joining incompatible elements in a political synthesis. In the name of national independence and by way of a telling protest against the vassalage which binds Austria to Germany, the Entente nations spurn the notion of any common accord which requires the practice of self-surrender as a base, and are resolved under the strain of circumstance to present such a loosely-joined front to the enemy as will not involve their foregoing one iota of their freedom or one tittle of their national claims. How, in these conditions, they expect ever to rise to that height of moral fervour without which the quasi-ascetic effort demanded of them is



inconceivable, has not yet been explained. As usual, they count upon effects without causes, upon an ingathering of the harvest with no preceding seedtime. Now, interdependence and compromise are the indispensable conditions of that cohesion which alone can engender the force required. A condition approaching organic coherency must be attained before a smooth working system can be created among the Allies. But as each of them is still rooted to the past, permeated by its own interests and aspirations, and jealous not only of the substance of its liberty but also of the shadow, the distance yet to be traversed before the goal can be reached is enormous, and the road rugged and beset with pitfalls.

A glance at the past and present may enable us to gauge aright the nature of some of the difficulties that have to be surmounted in the future.

## CHAPTER XIX

### PAST AND PRESENT

LET us begin with the present, in view of the circumstance that the war has brought the allied peoples into a much nearer approach to union and has more fully systematized their efforts than can ever be the case in peace time. We find, then, two groups of belligerents pitted against each other, whose resources in men, money and economic supplies are strikingly unequal. The Teutons are by far the weaker side, and even in spite of their long preparations ought to have been thoroughly beaten long ago. So evident and encouraging was the comparison that the Entente nations themselves boldly grounded their calculations on it, and anticipated a brief spell of warfare and a decisive victory. And this forecast seemed reasonable enough when the material elements were weighed and contrasted. The Entente communities occupy 68,031,000 square kilometres of territory, which are inhabited by a population of 770,060,000, or say 46 per cent. of the entire land on the globe and 47 per cent. of the entire human race. The Central Empires, on the other hand, possess no more than 5,921,000 square kilometres with 150,199,000 inhabitants, which amounts to only 4 per cent. of dry land on the globe and 9·1 per cent. of mankind. Add to that the circumstance that in the air our superiority over our

enemies was undisputed, and that the odds in favour of our enlisting the active support of the Balkan States were overwhelming. The chances in favour of the Allies, therefore, were and are enormous. That being so, why, it may well be asked, has the course of the military, naval and air campaign so uniformly favoured the weaker side? It is no answer to point out that Germany and Austria had been organizing the war for over thirty years, or had contrived to mobilize all their resources when the first shot was fired. That explanation would account for their progress during the first few months, but not for the victories they scored down to the beginning of April 1916. It was loudly proclaimed by British journalists that the Berlin General Staff had based its plan on the assumption that the struggle would be decided in a few months and certainly by the end of 1914. And the inference was drawn that as this timetable was upset, Germany was so bewildered that she could hardly draw up another plan and adjust her forces to that. She had shot her bolt, we were assured, had missed the target, and it was beyond her power to put forth another effort. But events refuted these false prophets, without, however, greatly impairing their credit with the multitude. They still continue to describe Germany's dire straits and foretell her speedy collapse. And they are listened to with eagerness and trust.

In truth the root of the matter lies deeper. One of the most telling factors, in every armed conflict between peoples, consists of the sum total of imponderabilia which elude analysis. Intellectual and moral equipment, as I ventured to write when the war began, sometimes counts

for more than battalions. And I instanced the Russo-Japanese campaign as a case in point. One belligerent may regard the campaign as a temporary calamity to be endured until it can be conveniently got rid of, while another may gird his loins and go forth to battle exultant like the fanaticized warriors of Cromwell. The former will contemplate the struggle and regulate the conduct of it in the light of immediate expediency, while the latter will treat the war as a life-task and boldly throw the weight of everything he has, and is, and hopes for into the blows he deals his adversary. Now in this struggle the Teuton is the fanaticized warrior. He is fighting for an ideal, which, whether or no he understands it, he caresses and deems his very own. The hopes and dreams of the leaders of the nation have been communicated to the individual citizen, who, having lived for them, is ready to die for them. Our people, on the other hand, have never enjoyed that education in patriotism which is bestowed on every Teuton, and they are wanting in the strength of imagination, the spirit of cohesion and the energizing social faith which might have made up for the deficiency.

Then, again, over against the Allies' inexhaustible resources we must put the marvellous capacity for organization which intensifies those of our enemy. The nearest known approach to it is found in the Japanese, who, there is little doubt, if pressed by circumstance, would match the Teuton in resourcefulness and even outdo him in the spirit of self-sacrifice. To this precious asset in Germany's leaders corresponds a superlative degree of docility and self-surrender in her people which offer

a striking contrast to the strongly marked individualist tendencies of the British, French and Russian races. Nay, one may go farther and assert that the central streams of national life in each of these countries flows in channels of party politics, which no influential leader has ever attempted to deepen or widen. The German, on the contrary, as we saw, associates his every work and undertaking with ideas of almost cosmic breadth and is actuated by interests to which all the larger problems of humanity are akin. And he took timely possession of every lever that might contribute to the success of his revolt against Europeanism, when his far-reaching scheme was yet in the early phases of execution.

Everything that human foresight could think of was carefully studied, everything that human ingenuity could provide for was thoroughly effected and systematized. Royal dynasties were founded abroad by German princes. German colonies settled in Russia, Poland, Palestine and Brazil. German schools were opened in Roumania, Spain, Asia Minor, the Ottoman Empire, the Tsardom. Foreign newspapers were bought or subsidized. Protestant sects with pro-German tendencies were encouraged. Banks were founded with Entente capital and employed to ruin the trade of the nations that subscribed it. Colonies of mechanics, clerks, middlemen were settled in every European country and colony and obtained control of the nation's industries and trade. Special legislation was enacted in Berlin to enable the German to become a foreign subject in externals while bound by all the duties of a citizen of his own country.

As the hour for the military and naval

struggle was drawing near intestine strife was industriously stirred up in all those countries whose rivalry the Germans had reason to apprehend. Emissaries were despatched to Egypt who made common cause with the disaffected and restless elements of the population, cultivated friendship with the Senussi and smuggled in arms to would-be African rebels. In India German "scientific explorers" hobnobbed with the natives, criticized the state of "serfage" to which British rule had reduced one of the most highly civilized races of mankind, and made overtures to the Afghans. To Abyssinia another "scientific expedition" was despatched, which consisted of a number of German officers and one explorer. After a circuitous and difficult journey it arrived at Massaua in March 1915, and requested the authorization of the Italian Governor of Erithea, the Marquess Salvago-Raggi, to push on to Adis Abeba, in order to re-establish communications between the German Legation there and the Berlin Foreign Office. The real object of the expedition, as the Italian Government well knew, was to incite the young Negus to attack the British in the Sudan and the French in Djibuti. But Italy, although still neutral, understood too well how difficult it would have been for her to limit Abyssinia's war-like operations to the French and British possessions and ward them off from her own colonies. Baron Sonnino accordingly declined to accord the permission asked for, and consented only to allow a large consignment of "correspondence" to be sent on.<sup>1</sup>

<sup>1</sup> Cf. *Idea Nazionale*, March 7, 1915; *Tribuna*, April 1, 1915.

Later on Turkish officers were sent to Libya to egg on the Arabs to harass the Italians there. The Kaiser himself despatched a letter in Arabic to the Senussi which was intercepted on a Greek sailing vessel near Tripoli. It is said to have been enclosed in an embossed casket, and was found on board together with £4000 in gold and a number of oriental gifts. The letter, if genuine, is worth recording. Wilhelm II, the Supreme Head of the Protestant Church in Germany, gives himself therein, among other high sounding titles, those of Allah's Envoy and Islam's Protector, and states explicitly that it is his will that the Senussi's doughty warriors should drive the "infidels" from the land which is the heritage of the true believers and their chief. This, from the "supreme Bishop" of one of the Christian Churches, is characteristic.

In Asia Minor Germany's machinations were carried on with a much greater measure of success. Her former opponents had withdrawn their opposition and undertaken to lend her positive assistance to attain ends which were directed against themselves. This chapter of Entente diplomacy is marked by broad streaks of farcical comedy calculated to bewilder the serious student. France was converted to political orthodoxy on the subject of the Baghdad Railway and its cultural significance. Some of her publicists frankly repented that she had so long looked upon it with disfavour, and threw the blame on Russia, for whose sake they had kept aloof. At Potsdam the Tsar's Minister abandoned his objections to the Baghdad enterprise and undertook to build a railway line from Persia, which would allow another stretch of country

to be tapped by the German Railway Company. Great Britain, acknowledging the error of her ways, agreed that Koweit should not be the terminus and made valuable concessions to the Teuton, the realization of which was hindered by the outbreak of the war. Turkey, through Enver, who had imported from the Fatherland a band of military "instructors" under Liman von Sanders, became the *âme damnée* of Germany. In Persia every warlike and predatory tribe was courted by the Teuton intruder, and the German mission at Teheran, as well as the Consulates in the chief towns of the Shahdom, became centres of agitation against Britain and Russia and branches of the German General Staff.

In the Tsar's dominions German agents organized a series of strikes in the various works belonging to their countrymen, paid the strikers and fostered a subversive political movement which bade fair to culminate in a real revolution. In Belgium the Flemings, who had for years been protesting against the refusal of their Government to give them a Flemish University in Ghent, were incited against the Walloons, whose dialect is of French origin and whose sympathizers were the entire French people. And one of the joint acts of the German administration in Brussels has been to appoint a commission to submit a scheme for the creation of a Flemish high school in Ghent and accentuate the differences between the two elements of the population.<sup>1</sup>

Meanwhile, in Germany the work of organiza-

<sup>1</sup> A spirited protest against this poisonous endeavour was published by a number of Belgians, including Camille Huysmans, who refused to accept any favours from the Germans.



tion went steadily forward. While British Ministers were on the look-out for reasons or pretexts for diminishing expenditure on ship-building, Germany, under von Tirpitz, was stealing a march on us and increasing hers. And over and above this, she was arranging a surprise in the shape of submarines and aircraft which, had the war been deferred for another couple of years, might have not only removed the odds in our favour but given her a decided superiority over us. And, by way of intensifying the value of her fleet, she set to work to deepen the Kiel Canal and thus to confer a sort of ubiquity on her battleships, which can now concentrate in the North Sea or the Baltic without let or hindrance from the enemy. When the epoch of the Dreadnoughts was opened German armoured ships had a displacement of no more than 13,000 tons. The larger type of battleship, which was afterwards constructed, could not pass through the Canal, which had to be deepened. The necessary work was so thoughtfully and opportunely taken in hand that it was terminated in July 1914, just when the harvest for that year was also ingathered. Asphyxiating gas had been manufactured in the year 1911, as the Russians have discovered on certain of the machines. Thus when the fatal hour struck, everything was ready.

In the financial sphere, too, we find the same comprehensive survey, the same eye for detail, the same forethought and combination. When hostilities broke out British banks held about £1,100,000,000 of their depositors' money. A large percentage of this had been employed to discount foreign, and in especial German bills, so that the paper remained in Great Britain

and the gold was transferred to Germany, where it plays its part against us. But those marvellous efforts put forth with such effect by our enemies made no appeal to our rulers. Nowhere in the British Empire was there any man of mark thinking and acting for the community. The political pilots who had charge of the state-ship possessed neither chart nor compass nor rudder. Neither did they feel the need of these things. The Government disbelieved in war and was minded, if a struggle should be precipitated, to keep out of it. Nobody envisaged the needs and interests of the Empire as aspects of a single problem. Nobody had any clear-cut plan for the working out of the destinies of the British people. The interests of party, the expediency of local reforms, the squabbles between this faction and that, constituted the burning topics of the hour, and there were none other. And it was while we were thus wrangling with and threatening each other that the blast of the clarion ushered in the day of doom.

The secrets of nature, revealed by science to a nation which acknowledges no restraints, then became weapons of wholesale destruction to be used to subjugate all civilization. Now, there are some reasons for assuming that civilization will escape the thralldom, but there are unhappily equally cogent grounds for apprehending that some of its most precious achievements will be irrecoverably lost and others greatly impaired. Had there been a master mind at the helm of the British state-ship before the war or at its opening, we might have been spared the necessity of signing one day a temporary peace amid the ruins of European culture.

But no puissant genius in any of the allied countries towered above the dead level of mediocrity. Great Frenchmen, Britons and Russians were said to be available, but there was no great man in evidence. And this want proved disastrous. In Germany, on the other hand, it was hardly felt. For it was compensated by the existence of a vast human machine, adaptable to every change of circumstance, capable of assuming countless Protean forms simultaneously, ready with a solution for the most unexpected problems, provided with organs suited to the discharge of every conceivable function, all directed to the same end. It was the same organism that had worked with such brilliant success for over thirty years, growing and perfecting itself steadily until it became the concrete manifestation of a whole system of thought, sentiment and co-ordinated action. Germany had developed into a powerful national State in which the spirit of self-surrender for the good of the community animates all sections alike, all of which co-operate effectively, through the organizations which they spontaneously created, for the realization of their common objects. And therein lay her force.

On the outbreak of war Germany was faced with a group of the most arduous and intricate problems any Government has ever yet had to tackle. For most of them she had had the time and the forethought to prepare. But others arose which had been neither provided for nor foreseen, in consequence of her mistaken assumption that Great Britain would hold aloof from the war. The total value of her exports and imports in the year 1913 was computed at 1,000,000,000 sterling, and an infinity of fine threads bound her industrial

activity with foreign countries. By Great Britain's declaration of war, for which Germany was unprepared until the last days of July, nearly all these threads were snapped asunder, and the industrial and economic life of the Empire had to be swiftly readjusted to the new conditions. And here it was that the nation rose as one man to the unparalleled occasion, faced the tremendous ordeal, and, contrary to the expectations of its adversaries—ever prone to judge others by themselves—has continued not merely to exist, but to extend its conquests ever since.

It was in the financial sphere that the first strain was felt. But perilous though it actually was, it would have been intolerable but for the precautionary measures adopted in July and the ingenious devices applied by the Reichsbank immediately after. The first step taken was to substitute short-terms credit for long. The gold in the Reichsbank increased steadily, and from 1,009,000,000 marks on July 7, 1913, it rose to 1,356,000,000 by July 7, 1914. The war treasure hoarded in the Julius-Tower was doubled, so as to enable the Imperial Bank to issue 720,000,000 marks on the strength of it, whereby its gold cover was augmented from 1,253,000,000 to 1,447,000,000. A further considerable reserve of silver was laid by, which proved extremely useful later on. One result of this policy was that on the fatal 31st July, no less than 4,500,000,000 marks in banknotes could be issued without exceeding the limits prescribed by the law.<sup>1</sup> A network of Loan Banks was also created throughout the country in which

<sup>1</sup> One-third gold cover is the amount fixed. Cf. Professor J. Plenge, *Der Krieg und die Volkswirtschaft*.

every one, possessed of property of any description, could obtain credit to any amount, provided the pledges warranted the advance.

Nor were the large groups of business men neglected who had no pledges to offer yet sorely needed credit. For their behoof War Credit Banks were instituted, which transacted business on curious lines. A city or town subscribed a third or even more of the shares of the borrowing company, and the Imperial Bank conferred the right of rediscounting bills of exchange up to an amount equal to three times the value of the capital, and sometimes even more. Institutions were opened for advancing money on house property, and for assisting special branches of industry. The Hansa-Bund, for instance, founded a War Credit Bank for "the Middle Classes" which, with the authorization of the Reichsbank, rediscounts bills of exchange drawn by individuals for whom the Commune vouches. Associations were constituted in the country and in towns, and the nature of their work is evidenced by the 18,000 rural Savings and Credit Banks and 16,000 urban and trade associations.<sup>1</sup> For farmers and struggling landowners, a Central Board, for the purchase of machines, was created, which also superintended the equitable distribution of orders among industrial firms.

The suddenness of the declaration of war had for its effect, and perhaps also for one of its objects, the stemming of the flow of gold from the Reichsbank before it had exceeded the total of 100,000,000 marks and also the prevention of its disappearance from the

<sup>1</sup> These figures are drawn from statistics published in July 1914. Cf. Dr. Karl Hildebrand, *Ein starkes Volk*.

country. Soon afterwards gold was brought in astonishing quantities to the bank by all classes of citizens who had hoarded it jealously in peace-time, but now recognized the criminality of applying the principles of individual ownership to what of right belongs to the jeopardized community. For the nation realized the fact that the condition of public danger entitled the Government to wield an unlimited degree of power over the lives and property of the people for the welfare of the community.

If we compare this intelligent appreciation of the position by rulers and ruled, and their readiness to accommodate their respective actions to it and play their parts as organs for the discharge of special functions, with the haziness of conception, the misinterpretation of events, and the utter lack of co-operation displayed by the corresponding sections of the allied communities, we shall grasp the secret of the superiority of the seemingly weaker group of belligerents and the paltry results hitherto achieved by the stronger.

German industry, too, the source of the nation's prosperity, was shaken to its foundations. It had worked largely for the foreign market. And all at once its exports were cut down by 60 per cent., because of the stoppage of the supplies of raw materials. Imports also fell by 75 per cent. One immediate consequence of this partial stagnation was the enormous increase of the army of the unemployed. Although 4,000,000 men were taken from the various industries and despatched against the Belgians, French and Russians, there were at the end of August no less than 3,400,000 men thrown out of

employment.<sup>1</sup> Thus the total number of unemployed was 7,400,000, and as there were 17,000,000 hands employed before the war, it may be inferred that German industry was reduced by 43½ per cent. It was in these conditions that the Teuton capacity for organization was manifested.

Two great industrial organizations flourished in Germany before the war,<sup>2</sup> and although occasionally disagreeing on various points, sensibly furthered the interests of their countrymen at home and abroad. No sooner was war declared than they dropped their differences and constituted a War Committee for German Industry. Among the varied functions of this new body were the distribution of information respecting orders given by the State, new legislation, etc.; co-operation with firms for the fulfilment of contracts despite the outbreak of hostilities; the selection of operatives, clerks, etc., for firms needing these; the obtainment of places for the unemployed and the organization of the credit system.

This Committee also applied for and received permission to have all those skilled artisans recalled from the front whose services were deemed indispensable for war industries. It likewise watched over the distribution of State orders, and saw that each of the various firms received its due share.

The organization of German industry during the war was taken in hand by a group of experts and officials possessed of the insight, knowledge and power necessary for the discharge of the arduous task. Among the

<sup>1</sup> Cf. *Messenger of Europe*, April 1915, M. Lurié.

<sup>2</sup> *Der Zentral-Verband Deutscher Industrieller* and *Der Bund der Industriellen*.

members of the Board we find the names of representatives of finances, industries and the Government; the Minister of the Interior, all the members of the Federal Council, M.M. Gwinner, Bleichröder, Siemens, etc. Special bureaux were opened for various kinds of supplies, a Central Office for the War Supply of Tobacco, another for that of chocolate, a third for leather, a fourth for linen, etc.<sup>1</sup> Another group of organizations dealing with the acquisition and distribution of raw stuffs possessed in certain cases the right of expropriation, and is not allowed to make more than a certain limited profit on its transactions. Among them are an association for the supply of metals, another for chemicals, and a third for woollen stuffs.

In consequence of the shortage of raw materials, economy and the employment of substitutes were everywhere resorted to spontaneously before the Government had time to intervene. From every household came old copper vessels, copper wire, worn-out clothing from which the manufacturers removed the wool, leather straps, shoes, bags, etc. From Belgium and France everything that could be utilized as raw material was hurriedly transferred to the Fatherland. At first the supply of aluminium for castings and Zeppelins was insufficient, but a composition of spelter and tin was invented, which answered the main purposes equally well. Nickel being also scarce, coins of 10 pfennige were withdrawn from circulation and

<sup>1</sup> It is affirmed by contrabandists in Scandinavia who are acting on Germany's behalf, that many of the commissions for the acquisition of raw stuffs for Germany are composed almost exclusively of non-Russian subjects of the Tsar.



utilized, while considerable quantities were imported from Scandinavian countries. The place of jute was taken by paper, and from paper under-garments were made. Roasted acorns, theretofore employed in lieu of coffee only by the poorer classes, thenceforward became the daily beverage of the middle classes as well. A substitute for olive oil was extracted from cherry stones, tainted meat was rendered harmless by chemical methods, nitrates were extracted from the air by a Norwegian process which the Germans had perfected and applied.

Now, these achievements and the marvellous adaptability, energy and resourcefulness which they connote, are no mean elements in Germany's equipment for the coming economic struggle. They proclaim that the mind of the Teuton man of business is too firmly riveted on the goal to be fascinated by any special route leading towards it, and that it is sufficiently free and disengaged to turn with eager interest to any problem, however novel, with which it may be suddenly confronted. Use and want are not its masters, sluggish contentment cannot numb its activity. The customers' requirements, nay, their whims and fancies, are ever sure to receive close attention and prompt satisfaction. The contrast between this unflagging alertness and the drowsy apathy of the British manufacturer and tradesman is an old story, which has evoked comments sharp enough, it would seem, to arouse the commercial community to a lively sense of its danger and duty. And yet there are, unhappily, cogent grounds for believing that the malady of listlessness is as malignant to-day as before the war.

Now, these organizing and inventive talents

of the Teuton, as compared with the subordinate aims, fitful energies and honest but mischievous conservatism of our own leaders and people, bear witness to the same twofold talent of the German for looking far ahead and contriving expedients on the spur of the moment. Great Britain's participation in the struggle cut off Germany from the sea and gave the two Central Empires the aspect of a beleaguered city. Hopes were entertained by the Allies that famine might reinforce the work of their armies and navies in compelling the enemy to sue for peace. About 9 per cent. of the corn used in Germany usually came from abroad, and now the interruption of the communications rendered this source of supply precarious. The soldiers, too, had to be fed on a scale of greater abundance than usual, and the prisoners of war, however poorly nourished, would consume a certain amount of corn. The first measure promulgated to meet the new conditions was a prohibition of exportation. Potato flour was employed in bread-baking. War bread was standardized for the whole Empire. The principal cities purchased vast quantities of cereals, and Prussia founded a War Corn Association for the acquisition of cereals to be stored until the ensuing spring. Expropriation was legalized. In these ways £40,000,000 worth of cereals were got together for consumption. The War Corn Association operated with a capital of £2,500,000, to which the States subscribed over one million, and the big cities one million, and the great industrial firms £450,000.<sup>1</sup> This corn was paid for at the highest market rates, the owners being compelled by law to

<sup>1</sup> Cf. Karl Hildebrand, *Ein starkes Volk*, p. 122.

declare how much they possessed. With each of these proprietors—in the first phase with 5,000,000 landowners—separate arrangements were concluded. The Association employed for the purpose nearly three thousand commissioners and five hundred other officials, and the Credit Banks made advances on the quantities sold.

Simultaneously with this home organization the other multifarious tasks of devising new weapons for the war, improving the various types of aircraft, building larger submarines and guns of greater calibre went forward with unimpaired speed. Nothing was too vast or too complicated to be undertaken, no detail was too trivial to be studied. Politics, economics, military strategy and national psychology were all cunningly interwoven in the various schemes laid for the destruction of the Allies. Russia was inveigled into continuing her trade with Germany, which, as we saw, was during the first year a nowise negligible quantity.

A piquant detail in this connection is worthy of mention.<sup>1</sup> It is affirmed that the Customs House authorities on the Russo-Swedish frontiers discovered to their dismay that for well over a year Germany had been receiving from Russia a large proportion of the raw materials necessary for the fabrication of asphyxiating gas. It appears that Sweden, which in peace time was wont to import from the Tsardom a certain quantity of those products, trebled its demands during the first year of the war.

Contingents of contrabandists were despatched to Greece, Spain, Morocco, Holland,

<sup>1</sup> It is noticed by the Italian and French press; cf., for instance, *Roma*, October 31, 1915.

Italy, Switzerland and the United States. Secret stations were established for supplying submarines with the wherewithal to carry on their war against inoffensive passenger steamers. Agents were kept in the neutral countries to corrupt the local press and poison the wells of information in order to allure the neutrals into belligerency. A highly organized news-distributing bureau was equipped in Berlin with all the requisites for falsifying facts and distorting military tidings. Its branches are spread over the globe. Passports were forged at first and later on genuine ones abstracted from the Berlin Foreign Office and handed over to spies. Strikes and outrages were engineered in the United States, Italy, and Russia. The Putiloff works, which before the war were nearly falling into German hands and have since been supplying munitions for the Tsar's army, were stricken with creeping paralysis, against which exhortations and threats were vain, and finally they had to be sequestered by the State. Millions of dollars were expended in the United States in efforts to prevent the manufacture or the transport of munitions to the Allies. In Greece vast sums were cheerfully disbursed by Baron Schenk to work the elections and defeat Venizelos. Roumania was overrun by bands of Germans whose functions were to calumniate, vilify, corrupt and threaten. Spain has been wrought upon in like manner by a small army of Teutons abundantly supplied with the same weapons. Persia was scoured by German agitators who deployed all their talents and acquirements, their knowledge of the language and acquaintance with the native religion, to rouse the natives against Russia and Great

Britain. Abyssinia, although deprived by Italy of the presence of the German "scientific expedition," was induced by the German Minister at Adis Abeba to behave in such a way that in the month of March 1916 King Victor's Government found it advisable to issue a decree ordering *urgent* fortifications to be constructed in Erythea.<sup>1</sup> Sweden has been provided with war news and political information free of charge by the generous Press Bureau of Berlin. In Belgium persevering exertions have been put forth to sow discord between Flemings and Walloons. In China, where a British adviser is employed by the Chief of the State, Yuan Shih Kai has turned a willing ear to the mentors from the Fatherland, with results which bear the hall mark of Germany. In Mexico Villa's murderous raids on American territory, instigated, it is asserted, by German emissaries, compelled United States troops to pursue him over the frontiers, and raised an issue which may be decided only by a regular campaign. Thus Teuton diplomacy, at whose failures we are so prone to rail, contrived on the one hand to pass off the assassinations of Americans on board the *Lusitania* as a justifiable act, and on the other to present the New Mexico murder, which was the work of a mere savage, as such an outrage on the law of nations as warrants the employment of military force.<sup>2</sup>

<sup>1</sup> On March 16, 1916.

<sup>2</sup> The *New York World*, in a leading article published March 13, writes: "No pacifist proclaims the doctrine that, although Americans had a legal right to live near the border, they should have taken themselves out of the danger zone in the interest of peace. No German-American Alliance holds meetings to proclaim the dead at Columbus as 'Guardian angels.' No German language

That same diplomacy, seconded by the press organization which invented facts and moulded opinion, scored successes in Bulgaria, Greece, Roumania, Switzerland, and contrived not only to keep Italy from declaring war against Germany, but to negotiate a treaty for the protection of German property there. Despite its clumsiness and arrogance and brutality, German diplomacy is unmatched as an agency for rousing popular forces in civilized and uncivilized countries into subversive excitement. It surrounded the Pope of Rome with philo-German dignitaries, gave him an Austrian as adviser, and permeated the Vatican with an atmosphere of Kultur which even pious Catholics of non-Teuton countries avoid as mephitic. It caught the Sultan and his Young Turks, Anglophile and Francophile, in its toils, and gave its warm approbation to the massacre of the Armenians. It won over the young Shah of Persia, who, with great difficulty and only after strenuous exertions, was kept from going over bodily to the Turkish camp. It bought the services of the Senussi. It is making headway with the Negus of Abyssinia.

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newspaper has spoken of the New Mexico massacre as undertaken in a holy cause, or referred to the President as incapable of understanding either German militarism or German Kultur. Yet the Americans who were assassinated on the *Lusitania* and the *Arabic* had as much right to be where they were as the Americans who were dragged from their beds at Columbus and slaughtered. The *Lusitania* murder was deliberately planned and ordered by the Government in Berlin, which has assumed full responsibility therefore, and presented but one excuse, that its victims were unexpectedly numerous. The New Mexico murder was planned and executed by a savage, with no pretence that there is a Government behind him, the guilt of the outlaw of the border being not one whit less than that of the outlaw of the sea."

It offered a bribe to Italian socialists and found work for Italian anarchists, whose representatives were received in the palace of the Kaiser's Ambassador in Rome. And—most difficult task of all—it reconciled, at least for a time, the interests of Bulgaria with those of Greece and Roumania.

German diplomacy has often misread foreign political situations, mistaken the trend of national opinion and sentiment and failed to achieve ends which might by dint of mere patience and quiescence have been readily accomplished. For it has no psychological standard by which to measure the nobler qualities of a foreign people, however closely it may have studied their politics, their history and their vices. Its tests are for the lower grades of human character, and with these it has indeed achieved extraordinary things.

Thus, with infinite labour the Teuton mind has grappled with the chaotic welter produced by the European war. But, besides the skilful handling of great financial and kindred problems, its assiduity in watching for and readiness to seize opportunities for dealing with the issues of lesser moment is worth noting, were it only for its value as a stimulus. One instance occurred in the very first sitting of the Reichstag after hostilities had begun. The legislature agreed to introduce a slight reform of the law, dealing with the rights of children born out of wedlock, of whom there are in Germany 185,000 a year. The Government assented to the change, which was embodied in a bill affirming the right of the illegitimate children of soldiers fallen in battle to the same pension as if their parents had been legally married. And the Reichstag passed the bill unanimously.

This solicitude about little things is most saliently in evidence in the military domain. Here nothing is neglected that can contribute to the fighting value of the units. Hence the care shown for the nourishment and comfort of the soldiers. Ruthlessly though they are sacrificed in battle, they are well looked after in the trenches, and their career is followed with interest and recorded with accuracy by their superiors. I was struck with the completeness of the information which the German War Office possesses and can produce at a moment's notice about any individual soldier. It was brought home to me in this way. The Chief of the Berlin police had a grandson in the war who had been missed for several weeks. Desirous of obtaining particulars about his capture or death, he asked a neutral friend to obtain information from the Russians. And by way of furnishing a description he sent a printed card, which I read. It contained the name and age of the soldier, the regiment to which he belonged, the hamlet in which he was last seen, the distances that separated that hamlet from the next town and the next large city, the day, the hour and *the minute* when the man together with his comrades were attacked, and the number of Russians who attacked them. And all these printed particulars refer to a private soldier! Is there anything comparable to this to be found in any of the allied countries?

The scene of another characteristic fact that struck me was Brussels. Princess L. requested permission from the German authorities to repair to France to visit her mother, who, she explained, was ill. At the Kommandantur her request was met with the cutting remark that



many persons had been applying for permits to visit their mothers, sisters and other relations abroad, who all appeared to be victims of some mysterious epidemic. Still, the official added, he would not definitively refuse the request, but would accord it as soon as he had proof that the lady's mother was really ill. "We shall have inquiries made." "But you cannot have inquiries made in France during the war," she objected. "Just as quickly as in peace time," he retorted. Sceptical and sad the petitioner returned home. But in a day or two she was summoned to the Kommandantur and informed that her statement had been verified, her mother lay ill—the malady was mentioned—and she was permitted to go. The Germans have eyes and ears in all the countries of their adversaries.

One can readily imagine the painful kind of questions that will arise in the mind of an intelligent ally who realizes for the first time how great are the inventive and organizing talents of the Teuton, how unswerving his resolve, how tenacious he is of purpose, and how unconscious most of us still are of the need of bestirring ourselves to compete with him on terms of equality. The German's striving is one, but all-embracing. His means are countless, for they are restricted by no limitations. In his search for tools and agents he enters into human nature, but not in its entire compass; only into the baser parts, so that his estimate is often erroneous and his expectations are unfulfilled. But even when ample deduction has been made for these failures, the odds remaining in his favour are formidable, and will continue undiminished unless and until we realize our plight, shuffle off the cramping coils

of conservatism, insularity and self-complacency and brace ourselves to the most strenuous, the most painful effort we have ever yet put forth. On our capacity to effect this inward change, rather than upon any diplomatic arrangements, depends the issue of the struggle which will begin when military and naval hostilities have come to an end.

## CHAPTER XX

### PROBLEMS OF THE FUTURE

PLAIN though these facts are, the Entente nations, and in particular the British people, either ignore them wholly or misinterpret their purport. Hence we continue absorbed in the pursuit of interests, parochial and parliamentary, which though quite human, are utterly off the line of racial and imperial progress. We obstinately shut our eyes to the magnitude of the Sphinx question that confronts us, and we address ourselves to one—and that the least important—of its many facets, and content ourselves with tackling that. We descant upon the turpitude of the Teuton who from the regions of idealism in which Goethe, Herder and their contemporaries dwelt has sunk into shift, treason and murder, and we proclaim our faith in the ultimate triumph of right, justice and of the democracy in which alone they flourish. But this frame of mind, which moves us to identify ourselves with all that is best in humanity, if cultivated will prove fatal. It accustoms us to dangerous hallucinations. We assume that we are the chosen people, and we neglect the virtues which alone would justify our election. For generations we have been reaping and wasting, instead of ploughing and sowing. We have been living on our capital, nay, on our credit, and have long since overdrawn our

account. Our successes in the past, sometimes the result of fortuitous circumstances, more often of the blunders of our rivals, inspire a presumptuous confidence in successes for the future and a conviction that come what may we are destined to muddle through. A special providence is watching over us—a cousin German to the Kaiser's "good old God." In truth we are tempting Fate, postulating an exception to the law of cause and effect, and looking for Hebrew miracles in the twentieth century after Christ.

Were it otherwise, the nation would not have continued to entrust its destinies to the men who misguided it consistently and perseveringly for so many years, to the watchmen who saw nothing of the rocks and sandbanks ahead which it was their function to discern and their duty to avoid, and who are now unwittingly but effectually deluding the people into believing that the present campaign, which is but a single episode in a long-spun-out contest, is an independent event which began in August 1914 and may end this year or the next. These same leaders are busily inculcating the delusive notion that the diplomatic instrument which will one day close hostilities will be a treaty of peace. And they are seemingly prepared to negotiate its terms on that assumption.

In truth, we are engaged in a duel which began thirty years ago, gave the Germans such booty as Heligoland, their world-trade, their wealth, their formidable navy, their Baghdad Railway, their various overseas colonies, their European Allies, and the enormous resources with which when this acute phase of the contest is over they will re-transfer the venue to the economic and political domains and carry

on the struggle with greater vigour than before. And peace terms concluded on any other supposition cannot be conducive to the national welfare. We are locked in a deadly embrace with a compact people of 120,000,000, of indomitable spirit, boundless resources, unquenchable faith and a single aim. Yet we are already looking forward to the time in the near future when our intercourse, however circumscribed, with this nation will be essentially pacific, and when we can revert to our cherished narrow interests and our easy-going diletantism. We feed upon the hope that in a few brief years the British nation will have got safely back to its old beaten grooves, and not only business and sport but everything else will go on as usual. Yet all the salient facts which force themselves on our attention to-day, all the decisive events of the past thirty years are cogent proofs of the unbroken sequence of a trial of strength which the future historian and the present statesman, if there be one, must characterize as a life-and-death struggle between the champions of the new Teuton politico-social ordering and the partisans of the old. But after the lapse of a generation and with the record of all our losses before us, we have not yet formed a right conception of the situation, and its issues, or of the historic forces at work. In these circumstances, no degree of sagacity can help us to devise the only policy in which salvation resides. The prevailing mistaken conception must be rectified before any headway can be made against the currents that are fast bearing us down. And the time at our disposal is brief.

It needs few words to characterize the effects which the dreamy optimism of the

Entente nations had on their method of mobilizing their resources to carry on the war. Taken unawares they had nothing ready. Misapprehending the nature of the issues and the redoubtable character of the contest, they pursued subordinate aims with insufficient means. The most daring strategical moves of the enemy, in war as in diplomacy, they ridiculed as either bluff or madness. The journalistic campaign in neutral countries they scoffed at as vain, and put their faith in the final triumph of truth. Their financial measures, oscillating from one extreme to another, denoted the absence of any settled plan, of any clear-cut picture of the needs of the moment. The odds in their favour, which circumstance had given and circumstance might take away again, they looked upon as inalienable, until they ended by forfeiting them all. Viewing the campaign as a transient event, the British Government prosecuted it by means of make-shifts, instead of radical measures. Obligatory service was scouted at as un-English. Discriminating customs tariffs were condemned as heretical. It was not until the enemy had occupied Poland, overrun Serbia, driven the Allied troops from the Dardanelles, bent Montenegro to the yoke, threatened Egypt, Riga and Petrograd, that some rays of light penetrated the atmosphere of ignorance and prejudice through which the Allies surveyed the European welter. They had begun by counting upon the breaking up of the Habsburg Monarchy. They felt sure that the Tsar's armies would capture Budapest and advance on Berlin. They planned the defeat of Germany by famine. They built another fabric of hopes on "Kitchener's Great Army" in

the spring of 1915. But one after another these anticipations were belied by events. And now the nation blithely accepts the further forecasts of the men who are chargeable with this long sequence of avoidable errors.

Respect for individual liberty was carried to such a point in Great Britain that organizations against recruiting were tolerated in England and Ireland, and strikes, which not only inflicted heavy pecuniary losses on the nation but actually stopped its supplies of munitions and brought it within sight of discomfiture, were treated with soft words and immediate concessions. One cannot read even Mr. Lloyd George's summary narrative of the preposterous doings of British slackers without wondering whether salvation is still possible. These men not only refused to work their best for the community, but forbade their comrades to work well. At Enfield, we are told, a man was obliged by trade union regulations so to regulate his work that he did not earn more than 1s. an hour, though he could easily have earned 2s. 6d.<sup>1</sup> Another man was doing two and a half days' work in two days, and when he refused to carry out the behest of the Ironfounders' Board to waste the other half day he was fined £1.<sup>2</sup> A consequence of this anti-national attitude was that "we had to wait for weeks in Birmingham with machinery lying idle, with our men without rifles, with our men with a most inadequate supply of machine guns to attack the enemy and defend themselves."<sup>3</sup> Every one will re-echo the Minister's comment on the outlook, if this

<sup>1</sup> Mr. Lloyd George's speech at Bristol. Cf. *Daily Telegraph*, September 10, 1915.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

attitude is persisted in—"we are making straight for disaster."

Compare this state of things with that which rules in Germany. It is a British Minister who describes it: "If you want to realize what organized labour in this war means, read the story of the last twelve months. By the end of September the German armies were checked. They sustained an overwhelming defeat in France, Russia was advancing against them towards the Carpathians, and I believe in East Prussia. That is not the case to-day. Why? The German workmen came in; organized labour in Germany prepared to take the field. They worked and worked quietly, persistently, continuously, without stint or strife, without restriction for months and months, through the autumn, through the winter, through the spring. Then came that avalanche of shot and shell which broke the great Russian armies and drove them back. That was the victory of the German workmen."<sup>1</sup>

Great Britain is the classic land of strikes. Strikers are sacred among us. Industrial compulsion is rank heresy.

That is one of our difficulties, and by no means the least formidable. The nation, despite the superb example of patriotic heroism given by all classes, parties, provinces and colonies of the Empire, is still deficient in cohesiveness. No fire of enthusiasm has yet burned fiercely enough among all sections of the Empire and all members of the race to fuse them in such a compact unified organism as we behold in the Teuton's Fatherland. Read the characteristic given of us by the

<sup>1</sup> Mr. Lloyd George's speech at Bristol. Cf. *Daily Telegraph*, September 10, 1915.



ex-German Minister Dernburg, and say whether it is over-coloured. Discoursing on the difficulties which Britain has to cope with in carrying on the war, he says: "They are intensified . . . by the narrow-minded customs of the English trade unions, which contrast with the patriotic behaviour of the German associations of the like nature as night contrasts with day."<sup>1</sup> This is melancholy reading for those whose hopes are fervent for a bright future of the British race, and it prepares them to listen in anxious silence to the general conclusion at which the Prussian ex-Minister arrives: "It is in the highest degree improbable," he says, "that after the winding up of this contest England will be able to keep or wield any form of economic superiority whatever over Germany."

In our Allies we find a strong touch of resemblance to ourselves. Their state of unpreparedness is amazing, if less desperate than ours. Russia, it is true, did much better at the outset than friend or foe anticipated, and she might have done quite well if only she had been supplied with munitions. But she had not nearly enough, and her armies were slaughtered like sheep in consequence. Then there were no boots for the soldiers, who were forced to wear thin canvas leggings with leather soles. And scores of waggon-loads of incapacitated men were taken to Petrograd and other cities whose feet had been frozen for lack of shoe-leather. One of the urgent wants of the Tsardom are railways, which the late Count Witte was so eager to construct. When hostilities opened, the insufficiency of communications became one of the decisive

<sup>1</sup> *Berliner Tageblatt*, March 9, 1916.

factors in Russia's disasters. And it was heightened by the conduct of, shall we say, the prussianized officials,<sup>1</sup> who are reported to have disposed of waggons for large sums to greedy merchants, who used to raise the prices of the merchandise and batten on the misery of their fellows.

Trains, needed to supply the fighting men at the front with food and the wounded at the rear with medicaments, were kept back to suit the schemes of these greedy cormorants. Gratuities, it is openly affirmed, had to be paid by Red Cross and other officers to those subordinate railway servants who had it in their power to send on a train or shunt it off for days on a side-track. Bribery is working havoc in the Tsardom. In January 1916 the Moscow municipality discussed the advisability of voting a certain sum of money and putting it at the disposal of the chief officer of the city, to be discreetly employed in transactions with complacent railway officials, in order to further the work of reducing prices on necessaries of life. The motive adduced for this homœopathic way of treating a social distemper were the conditions of life in Russia and the necessity of complying with them. But as the Statute Book does not recognize these conditions and condemns bribery absolutely, a vote on the subject was not taken.<sup>2</sup>

Acting on instructions issued by the Finance Minister, a Member of the Council of the Finance Ministry, D. I. Zassiadko, visited the

<sup>1</sup> It is but fair to say that venality is not one of the characteristics of the German bureaucracy. Their sense of duty towards the State is the nearest approach to morality of which they now seem capable.

<sup>2</sup> The German press gave great prominence to this item of news. Cf. *Frankfurter Zeitung*, January 8, 1916.

Kharkoff circuit for the purpose of studying the bribery problem on the spot. M. Zasiadko acquired the conviction "on the spot" that the railway officials do really take bribes, "and even of considerable amounts." But, that ascertained, the representative of the Ministry decided to delve deeper to the root of the matter. And he reached the conclusion that railway servants belong to the class of the tempted. The evil, he reported, resides not in the circumstance that they take bribes, but that bribes are offered whereby these weak little souls are seduced. The representative of the Ministry discovered an entire category of bribes which do not bear the signs of extortion, but only of "gratitude." To us this conclusion sounds somewhat naïve. The most widely circulated journal of Petrograd prefaces an article on the subject as follows.<sup>1</sup>

"The misdeeds of the officials and bribery on the railway system cry out to heaven," writes the organ of the Constitutional Democrats. "Compared with the reverses on the Carpathians and in Poland, the defeats we are sustaining in our own house and behind the enemy's back are much greater. . . ." On the important line Petrograd-Moscow-Perm scandalous cases of corruption took place in which, according to Russian journals, officials of a class who might reasonably be regarded as unbribeable were implicated. They are alleged to have let out to firms of speculators for large sums of money, goods waggons which were already destined to carry consignments to the front.<sup>2</sup> Russia's purchases abroad have made a profound impression on the peoples in whose

<sup>1</sup> *The Bourse Gazette*, February 21.

<sup>2</sup> Cf. *Reitch* (about February 17, 1916), March 5, 1916.

midst they were effected. The principles on which these transactions were carried on provoked lively comments. It is not that they revealed a superlative degree of disorganization. That touch would have merely marked the kinship of the men concerned with their allies. By the discovery that the Russian Government's purchasing Commissioners, the representatives of one of its embassies, the agents of the British Government and the equally zealous agents of the French Government were all secretly bidding against each other for the same rifles to be delivered to the Tsar's Ministers, only a smile of recognition was elicited. It may have seemed at once amusing and consolatory to find that all were tarred with the same brush. But when it was discovered that the offer of certain army necessaries was put off for weeks and weeks, although they were to be had under cost price, and was then accepted at a much higher price, profound sympathy was felt for the Tsar's armies.

Chaos, waste and a variety of abuses that pressed heavily on the poorer classes marked the efforts made by the Russian Government to cope with the scarcity of fuel, corn and other necessaries which began to be felt soon after the war. The rolling stock, it was complained, was utterly insufficient, yet it was found possible to transport 1,000,000 poods<sup>1</sup> weight of mineral water of doubtful quality. When trains arrived bringing supplies to the suffering population, it turned out that there were no hands to unload the waggons. And when labour was requisitioned, vehicles were not to be had. In October 1915 on the rails of Moscow station five thousand waggons, laden

<sup>1</sup> A pood is equal to 36·11 lbs.

with life's necessities, stood waiting and waiting in vain for the unskilled labour which ought to have been abundant, considering the number of the population and of the refugees. At the same time 2000 wagons were on the rails of the Petrograd station, their contents lying unutilized.<sup>1</sup> "It is only by the lack of order and organization that one can explain the facts that in Petrograd the inhabitants have no butter, while in the places where butter is made it is being sold cheaper than before, at 12 in lieu of 16 to 18 roubles a pood. In the province of Ekaterinograd, mines which own 800,000 poods of coal cannot get more than a few waggon loads of it every month.

Russia has incomparably more than enough fuel, without importing any, to satisfy all the needs of her 180,000,000 inhabitants. But owing to the insufficiency of communications, and still more to the lack of forethought and enterprise, the population of many cities and towns underwent serious hardships in consequence of the impossibility of acquiring coal or wood. In September 1915 the Petrograd region could obtain no more than 65 per cent. of the necessary quantity, and a month later only 49 per cent. In Moscow the plight of the inhabitants was worse. In September they could get but 26 per cent. of their needs and in October 40 per cent. According to the Minister of Commerce, who volunteered these data, the condition of the towns of Rostoff, Novotcherkassk, Nakhitchevan, Taganrog, Ekaterinodar and others was not a whit better. The city of Vyatka was, according to the *Novoye Vremya*,<sup>2</sup>

<sup>1</sup> Cf. *Novoye Vremya*, October 9, 1915.

<sup>2</sup> The German press welcomes items of information like this. Cf. *Frankfurter Zeitung*, January 13, 1916.

in January 1916 without fuel, while the mercury registered 30 degrees Reaumur below freezing-point. The unfortunate citizens heated their homes with fragments of hoardings, tables, desks and stools. And yet there is abundant fuel in the superb forests with which Vyatka is surrounded, and, what is more to the point, the city authorities had received during the preceding spring 60,000 roubles for the purpose of purchasing a supply of wood for the winter. But they did nothing, organization not being one of their strong points.

Live stock in Russia has diminished during the war to a much larger extent than was anticipated. The peasantry, owing to the prohibition of alcohol, now consume from 150 to 200 per cent. more meat than before, and what with the refugees from Poland, the prisoners of war and the increased needs of the army, no less than 20 per cent. of the cattle of the entire Empire was used during the first eighteen months<sup>1</sup> and 30 per cent. of the stock of all European Russia. In consequence of the shortage and of the irregularity of the transport, three days of abstinence from meat were ordained. Yet in January 1916 a discovery was casually made in the Kieff forests between Byelitch and Pushtsha Voditzka, which caused considerable lifting of the eyebrows. About 8000 head of cattle and several thousand sheep were found with no cowherds, shepherds or owners, wandering about from place to place. Scores of them were succumbing to hunger and cold every day. The paths in the woods were covered with the dead bodies of kine, calves and sheep. The

<sup>1</sup> Over a hundred million head.

journal which records this fact affirms that these herds belong to the Union of Zemstvos, which had purchased them from the peasants who had to flee from the occupied provinces. The President of the Union of Zemstvos is said to have confirmed this odd story with the qualification that the forlorn horned cattle and sheep are the property not of the Union of Zemstvos, but of the Ministry of Agriculture, which is alone answerable.<sup>1</sup>

The card system of distributing provisions that are scarce found its way first into Germany and then into Austria and Russia. But in the last-named empire it was much less successful than in the two first mentioned. According to the Petrograd journals in Pskoff, where it was tried, many individuals got no cards, and therefore no provisions. Many who possessed the cards found nothing to buy. And some of those who obtained the articles they wanted paid dearer for them than if they had bought them without cards. And as with cards one has to lay in a stock to last a fortnight, the poorer families were unable to utilize them.<sup>2</sup>

In France, as well as in Russia, the professional organizers, especially the civilians, were very much adrift. In the army all the sterling qualities of the French nation at its best, and many that were deemed extinct, but are now seen to have been only dormant, shone forth resplendent. Valour, fortitude, staying power, self-abnegation for the common good, became household virtues. Friends and foes were

<sup>1</sup> Cf. the Russian journal, *Kieff*, also the *Frankfurter Zeitung*, January 29, 1916.

<sup>2</sup> *Novoye Vremya*, January 1916. *Frankfurter Zeitung*, January 21, 1916.

equally surprised. But the civil administration remained well-meaning, patriotic and unregenerate to the last. The old Adam lived and acted up to his reputation.

Before the war the French railway administration had been criticized severely. It is not for a foreigner to express an opinion on the internal ordering of a country not his own, but unbiassed French experts found that the strictures were called for and the verdict, in which the public acquiesced, was well grounded. Subsequently, when the struggle began and the railway system was tested, people had reason to remember the previous complaints, for they saw how little had been done in the meanwhile to remove the causes of dissatisfaction. The first drawback was the want of rolling stock. "Give us waggons and we will execute all orders and supply the War Ministry," cried the munitions firms. "There are no waggons in the ports, and we cannot get the coal delivered," exclaimed the importers. "The country is threatened with general paralysis," wrote the *Journal*;<sup>1</sup> "we can neither forward nor sell anything." The railway administration asked for a fortnight's notice, then for three weeks and finally an indefinite period, before it could provide a single truck. "I have fertilizing stuff to forward before the season is past," pleads the representative of one firm. "We have no waggons," is the reply. "I must have my produce delivered at once to the Government," argues another, "for it is wanted for the fabrication of powder." But the answer came promptly: "There are no waggons." "But you have waggons. I see them over there" (the station

<sup>1</sup> *Le Journal*, November 26, 1915.



was Cognac). "Yes, but we may not touch them. They belong to the military engineering department." "Well, but what are they doing there?" "Ah, that is none of our business."<sup>1</sup>

And in the ports, at the termini, at intermediate stations, the merchandise lay heaped up, immobilized, while the merchants, the middlemen, the manufacturers, the Government, the army were waiting, time was lapsing, and the fate of the Republic and the nation hanging in the balance. At Havre great machines, destined for a Paris firm which was to have delivered them to factories making shells, lay untouched for two months. The number of shells lost in this way has never been calculated. Yet it was well known that during all that time there were numbers of waggons available. What had become of them? The answer was: "They are to be found everywhere, immobilized. It is a case of general immobilization of the rolling stock. People slept in them, turned them into cottages, used them as warehouses, each individual reasoning that one waggon more or less would not be missed. And as this argument was used by large numbers of easy-going, well-meaning people the result was appalling.

The most terrific war known to history was raging in three Continents, and one group of belligerents, unaware or heedless of the magnitude of the issues, kept wasting its enormous resources and throwing away its advantages. At the little station of Cognac waggons laden with all kinds of war materials, barbed wire, galvanized wire, etc., were detained from September 1914 until November 1915, 400

<sup>1</sup> *Le Journal*, November 26, 1915.

days in all, doing nothing. Forty-two waggons ready to move were found on two grass-covered rails. Fourteen waggons were there since September 1914. Eight since December of the same year, twenty since June. Altogether at the modest little station of Cognac the total recorded by Senator Humbert's *Journal* was 228,500 tons-days. "All this during the most tremendous war the world has ever witnessed, in which hundreds of thousands of men have been slain, where we have continually been short of war material, while industry and commerce are agonizing for lack of means of transport. It may well seem a dream." <sup>1</sup>

Seven hundred French railway stations were devoid of rolling stock. On the other hand, from the beginning of the war down to November 1915, 729 waggons were lying immobilized at the station of Blanc-Mesnil. Seven hundred and twenty-nine! <sup>2</sup> Merchants, manufacturers, importers, all were being literally beggared for lack of transports while hundreds of waggons lay rotting at obscure little stations for over a year. "The whole region of the West is encumbered," we read, "with 30,000,000 hectolitres of apples, valued at 300,000,000 francs, which cannot be conveyed anywhere, and which people are beginning to bury in the earth as manure. Sugar is scarce and is rising in price, whereas ever since last August <sup>3</sup> a single firm has unloaded 10,000 tons of sugar at Havre which it cannot have transported to Paris. Innumerable army pur-

<sup>1</sup> *Le Journal*, November 26, 1915.

<sup>2</sup> *Le Journal*, December 2, 1915. They were photographed and the photograph reproduced in that paper.

<sup>3</sup> That was published in December 1915.

veyors are unable to send the machines for the shells. . . . An official order to the army prescribed a substitute for barbed wire, which was not to be had at any price, yet at a single station at least 135 tons of barbed wire were lying for a twelvemonth unused, untouched.<sup>1</sup> On November 27, 1915, the military hospital N16 at Poitiers needed coal. A request was made by telephone. The reply received was: "We have coal at La Rochelle, but there are no waggons to carry it." Yet there were forty-two waggons immobilized at Cognac, 729 at Blanc-Mesnil and 121 standing laden with barbed wire and other materials for over a year!

#### Organization and intelligence!

With engines the experience was the same. The French Government, anxious to make up for the deficiency, purchased 140 engines of British make to be delivered some time in 1916. Yet at that time there were at the station of Mezidon (Calvados) over 500 engines immobilized, nobody knew why or by whom. This cemetery of locomotives was photographed by the *Journal*. Such was the harvest reaped by the enterprising Senator Humbert's commission at that one station. There were others. At Marles six Belgian engines, at Serquigny twenty, etc.

The attention of the French authorities having been called to this unqualifiable neglect, a senatorial railway commission was appointed to inquire into the matter, and it reported that: "The engines in question, numbering about 2000, of which 1000 on the State railway system are now going to be repaired." "There are therefore 2000 engines

<sup>1</sup> *Le Journal*, December 2, 1915.

scandalously abandoned," comments the *Journal*, . . . "forgotten during sixteen months, and having passed from the state of being inutilized to that of being inutilizable. For if these machines, which were in service before the war and came from Belgium, are to-day, like the waggons of Blanc-Mesnil, incapable of being utilized in their present state, as the official note puts it, the reason is that they were left to decay in the rain and the wind without cover or case for five hundred days."<sup>1</sup>

Interesting in a smaller way is the reply given by the French War Minister to a question by a deputy, the Marquis de Ludre, who asked for information about a consignment of knives which had been provided for the army, but were found to be quite useless. The Minister explained that the Generalissimo having requested the immediate dispatch of 165,000 knives, the department charged with the execution of the order had no time to examine the goods, and the circumstance was overlooked that all kinds of knives were supplied, without any reference to the purpose for which they were destined.<sup>2</sup> The Minister added that no one should be blamed for this, inasmuch as it was "the result of exaggerated but praiseworthy zeal." This construction is charitable and may be true in fact. But the soldiers who, in lieu of a serviceable blade, found themselves in possession of a dessert knife may have taken a different view of the transaction.

This is hardly what is understood by organization.

Beside those scenes from chaos set this

<sup>1</sup> *Le Journal*, December 4, 1915.

<sup>2</sup> *Journal Official*, answer to question No. 5730.

picture of order: "In a small French town in which the supreme *etape commando* of Kluck's army was situated, we inspected a field postal station. On the ground floor the letters were being received and delivered. The stream of soldiers was endless. They were sending field postcards, which are forwarded gratuitously. The difficult work of sorting the correspondence was being transacted on the first storey. Every day from 1800 to 2000 post sacks arrive, mostly with small packets and postcards, and day after day the same difficult problem presents itself—how to find the addressee. Many regiments, it is true, have permanent quarters, but there are mobile columns as well. Quick transfers are possible, and individuals may be shifted to another place or incorporated in a different regiment. The arranging of the correspondence went forward in a spacious room; the letters which it was difficult to deliver were handed over to a number of specialists, who sat in an adjoining apartment and studied all the changes caused by the transfer of troops. They found help in an address-book containing a list of all the field formations. About once every four days, or even oftener, a new edition of this work was issued. By the middle of December 1914 the eighty-fourth edition was in print."<sup>1</sup>

This talent for organization, this capacity of thought concentration in circumstances which tend to strengthen emotion at the cost of reason, have been constantly displayed by our enemies throughout the entire struggle of the past thirty years, and never more conspicuously than during the present war. Every

<sup>1</sup> Karl Hildebrand, *Ein Starkes Volk*, p. 108.

emergency found them ready. The most unlikely eventualities had been foreseen and provided for. Private initiative, which "grandmotherly legislation" was supposed to have killed, was more alert and resourceful than among any of the Entente nations. Every German is in some respects an agent of his Government. Each one thinks he foresees some eventuality with the genesis of which he is especially conversant, and he forthwith communicates his forecast and at the same time his plan for coping with the danger to some official. And all suggestions are thankfully received and dealt with on their intrinsic merits. For such matters the rulers of the Empire, however engrossed by urgent problems, have always time and money.

It is instructive and may possibly be helpful to compare this spirit of detachment from the personal and party elements of the situation, this accessibility to every call of patriotic duty, this self-possession under conditions calculated to hinder calm deliberation, with the hesitations, the bewilderment, the conflicting decisions of the Entente leaders and their impatience of unauthorized initiative and offers of private assistance. Outsiders are not wanted. Their money is not rejected, but nothing else that they tender is readily received.

In other more momentous matters the Allies also lagged behind their adversaries. Despite their vast resources and the generous offers of private help, the care taken of the wounded left a good deal to be desired. The articles on this subject which were published in the London Press provided ample food for bitter reflection. In France, at the beginning

of the war, wounded soldiers, after receiving first aid, were conveyed for days in carts over uneven roads to the hospitals in which they were to be treated. An American gentleman, witnessing the sufferings of these victims of circumstance, collected a number of motors in which to have them transported rapidly and with relative comfort. But his offer of these conveyances was rejected by all the departments to which he applied. And it was only after he had spent weeks in visiting influential friends in London that he finally obtained an introduction to the Secretary for War, who, overriding the decisions of his subordinates, closed with the proposal and sent the benefactor with his motors to the front.

It has been affirmed by unbiassed neutral witnesses who evinced special interest in the subject that tens of thousands of the allied wounded who died of their injuries might have been saved had they had proper care. But defective organization and other avoidable causes deprived them of efficient medical help.

By Great Britain more comprehensive measures were fitfully taken, of which our wounded have reaped the benefit. A French journal<sup>1</sup> enumerated, with a high tribute of praise, the results of the observations made by a commission of British physicians in the Grand Palais Hospital in Paris: "More than half, to be exact 54 per cent., of the wounded entrusted to the care of the doctors of the Grand Palais since last May have been sent back to the front, completely cured. What an achievement!" Undoubtedly it is a feat

<sup>1</sup> *The Figaro*, February 22, 1916.

to be proud of, if we compare it with the percentage of cured in certain other countries and in the Dardanelles. But if we set it side by side with what is claimed for and by the Germans, it may appear less remarkable. It cannot be gainsaid that the British authorities have spared neither money nor pains to alleviate the sufferings and heal the injuries of the wounded. And if the measure of their success is still capable of being extended, the reason certainly does not lie in any lack of good will.

On the incapacitated German soldier every possible care is bestowed. His every need is foreseen and when possible provided for with an eye to thoroughness and economy. Waste and niggardliness are sedulously eschewed. Every man is provided with a square of canvas with eyelets, which serves as a carpet on which he lies at night, as a stretcher on which, when wounded, he is carried to the place where he can have his injuries attended to, and which, when he is killed, is used as a winding-sheet. The medical organization of the army is as thorough as the military. And the results attained justify the solicitude displayed. From month to month the percentage of wounded who are able to return to the front has been augmenting steadily, and the death-rate has decreased correspondingly. During the first month of the war, out of every hundred wounded there were 84·8 capable of further service, 3·0 dead, and 12·2 incapacitated or sent home. In September of the same year the number of those able to return to the front rose to 88·1, or about 4 per cent. more. And at the same time the death-rate sank from 3 to 2·7 per cent. In the third month the proportion of soldiers able to resume their



places in the ranks of fighters was 88·9, while the deaths had been reduced to 2·4. During the period beginning with November and ending in March the number of the wounded who went back to the front oscillated between 87·3 and 88·9. In November the percentage of deaths was only 2·1 per cent., and in December only 1·7 per cent. January 1916 showed a further improvement, the death-rate having fallen to 1·4 and in February 1·3 per cent. During the two following months the percentage rose again to 1·4, but declined slowly until in June and July it had descended to 1·2 per cent. The number of wounded men who were sent back to their places at the front had meanwhile increased by April to 91·2, and by June 1915 to 91·7, and in May and July to 91·8. Seven per cent. were wholly incapacitated or dismissed to their homes. Among the latter a considerable percentage returned subsequently to the ranks. Altogether, then, about 91·8 per cent. of the wounded German soldiers who fall in battle are so well taken care of that they are able to fight again, and no more than 1·2 per cent. of the total number succumb to their wounds.<sup>1</sup>

This strict conformity to the material and psychological conditions of success marks the method by which the Germans proceed to realize a grandiose plan which is understood and furthered by one and all. Their talent for organization, their insight, their inventiveness, and their highly developed social sense are all pressed into the service of this patriotic cause. And it is to these permanent qualities, more even than to their thirty years' military and economic preparation, that they owe

<sup>1</sup> *Deutsche Medizinische Wochenschrift.*

their many successes. The cynicism and ruthlessness of our arch-enemy should not be allowed to blind us to his enterprise, his stoicism, his meticulous applications of the law of cause and effect. These are among his most valuable assets, and unless we have solid advantages of our own to set against and outweigh them, our appeals to the justice of our cause and our denunciations of his wicked designs will avail us nothing. It is to our interest to seek out and note whatever strength is inherent in himself or his methods and to appropriate that. The struggle will ultimately be decided by the superiority of equipment, material and moral, which one side possesses over the other. As for the conceptions of public law and international right which the antagonists severally stand for, they must be gauged by quite other standards than heavy guns and asphyxiating gases. It is not impossible that in the course of time, and by dint of reciprocal action and reaction, the German views may be sufficiently modified and moralized to render possible the usual process of assimilation with which the history of speculative ideas and social movements has rendered us familiar. Meanwhile, truth compels us to admit that part at least of the western system is being overtaken by decay, and stands in need of speedy and thorough renovation.

## CHAPTER XXI

### THE FINAL ISSUE

To come victorious out of the present ordeal—if, indeed, that be possible with the leaders, principles, methods and strivings that still characterize us—will not suffice to effect the triumph of our cause. The present, momentous though it be, cannot with safety be separated in thought or action from the future. The struggle will go on relentlessly after this campaign until one side has worsted the other definitively. And it is for that struggle that it behoves us to prepare while the war is still at its height.

The Germans, true to their practice, have set us the example. Their curious combinations for dividing the Allies while negotiating their own schemes for reorganizing political Europe have been worked out in almost every detail. Their projects for creating a vast and powerful economic organization, to be known as Central Europe,<sup>1</sup> with its first appendix in the Balkan Peninsula, have been carefully woven, and will be duly embellished when the hour for unfolding them has struck. In a word, when opportunity suddenly appears like the bridegroom of the Gospel, the German will be found waiting, with girded loins and trimmed lamp. He has distributed the parts of each nation in the international drama, and if the rôles cannot be taken over to-morrow, he will wait until the day after.

The world is henceforth no longer a field of labour for the individual. Co-operation is

<sup>1</sup> Cf. Friedrich Naumann, *Mitteleuropa*.

the open sesame to the economic life of the future. And co-operation means organization. Organization, then, is the Alpha and Omega of the new era. That is the mysterious radium which has enabled a single race to assail and hold its own against a group of powers whose territory and population are many times greater than its own. That race has demonstrated the quasi-omnipotence of organized labour, and has thereby itself become almost omnipotent. On the success or failure of its adversaries to create a like force and rise to the same height depends the future of Europe and the British Empire. One of the first corollaries of the new principle is the enlargement of all great units, including political communities. Germany and Austria, therefore, are bound, if not precisely to coalesce in one whole, at least to co-operate and combine for their common ends against common competitors, and thus to form the nucleus of that federal state which is, our enemies hope, one day to be commensurate with the continent of Europe.

At present, however satisfactory the military situation may be said to be, the general outlook is far from bright. Our aims are impoverished, our creative energies are clogged by prejudice, our political vision is narrowed by party goals, and the forces inherent in the nation which should be employed in readjusting its life to the new conditions are being frittered away in abortive efforts to neutralize dissolvent ideas that are sapping only those organs of our social and political system which are already vicious or decayed. The waste of the empire's resources has no parallel in history. Supreme confusion marks our internal condition. Our leaders have done nothing to familiarize the nation with the dangers that

threaten it, the means by which they should be met, or with the social and political ideas which are destined to shape and sway the new order of things which is already close at hand.

In the absence of constructive leaders it is for the nation itself to make due preparation for the momentous changes in the social and political system of Europe to which the present crisis is but the prelude.

And although much has been spoken and written on the subject since the war began, little permanent work has as yet been done. And there are few signs of a radical change for the better. The confusion and incongruousness that mark the ideas of the reformers, and the hesitancy and conflicting interests of politicians make one dubious of the outcome of the present contest. Almost everything essential would appear to be still lacking to the Allies, and the nature of the coming "peace period" is not realized, because the war is looked upon as an isolated phenomenon which began in July 1914, and will end when hostilities have ceased. Another belief equally misleading and mischievous is that the Teuton race can be paralysed if not crushed, and that for fifty or sixty years to come no revival of its energies, no recrudescence of its morbid aggressiveness need be apprehended. If we continue to shape our conduct on that assumption we may find ourselves one day in a Serbonian bog from which there is no rescue. However stringent the conditions which the Allies may be able to impose on their enemies, there will still remain a keen, strenuous, irrepressible race of at least a hundred and twenty millions, endowed with rare capacities for organization, cohesion, self-sacrifice and perse-

verance, whom no treaties can bind, no scruples can restrain, no dangers intimidate. At any moment a new invention, a favourable diplomatic combination, would suffice to move them to burst all bounds and resume the military, naval and aerial contest anew.

Even now, while the war is still raging, they are busy with comprehensive plans for the economic struggle which will succeed it. Nor are they content to weave schemes. They have already begun to carry them out. To mention but a few of the less important enterprises, as symptoms of the German solicitude for detail, there was a numerous gathering of railway representatives, Austrian, Hungarian and German, in August 1915, to consider the means of readjusting the railway service to the conditions which the peace would usher in. Among the projects laid before the meeting and insisted on by various financial institutions was the reconstruction on a new basis of the Sleeping Car Company, from which Belgian capital is to be excluded.<sup>1</sup>

In Italy many of the German commercial houses are, so to say, hibernating during the war. They merely altered their names and substituted well-paid, friendly Italians for Germans, and the feat was achieved. In this way the Kaiser's mercury mines of Abbadia, San Salvatore and Corte Vecchia in Tuscany are being protected, and nobody in Italy is under any misapprehension as to what is going on there. They are nominally in the hands of Swiss.

One of the most successful manœuvres by which the Germans have already parried the strokes of their rivals in the economic struggle

<sup>1</sup> *Giornale dei lavori pubblici*. Cf. also *Giornale d'Italia*, August 22, 1915.

is by crossing the frontiers and carrying on the contest in the enemy's country. It was thus that, when Russia, by way of protecting her own nascent textile industries, levied heavy duties on imports from abroad, the Germans transported their plant and their workmen across the border, built extensive works in Lodz which gradually grew into a prosperous German city and rendered sterling services to the Teuton invader during the present war. They intend to have recourse to the same device as soon as hostilities have ceased. German trade papers announced this to their readers and urged them to communicate with the staff with a view to receiving information respecting ways and means.

One Berlin trade journal—the most widely circulated in the German capital—had recently a great headline entitled: “How to keep up German Exportation after the War!” After a preamble enumerating the difficulties that would be thrown in the way of exporters by the Allies, the article went on thus: “For some years to come the means of extricating ourselves from this cruel predicament will consist in transporting the work of manufacturing or refining our merchandise to a neutral country. We are now in a position to offer information and advice on this head to those German manufacturers who are working for exportation, and we shall endeavour to extend our action in the future. We advise all those manufacturers who are desirous of developing their business in this way to enter into relations with us without delay.”<sup>1</sup>

<sup>1</sup> *Zeitschrift des Handelsvertragsvereins*, March 30, 1915. Cf. also *La Gazette de Lausanne* and *L'Idea Nazionale*, December 5, 1915.

The device is simple, and has hitherto been efficacious. In Switzerland the number of German firms is large and continues to augment. They are branches of German houses, and their aim is to further the interests of these. They mask their intentions by assuming Swiss names and also by obtaining for their employees naturalization papers in the little republic. How, it may be asked, do the Allies propose to thwart these manœuvres? They probably have not given the matter a moment's serious consideration. A Swiss journal of repute<sup>1</sup> published some time ago a characteristic letter received by a Swiss business man from a German textile manufacturer. One passage is worth reproducing: "The actual situation renders it impossible for us to maintain relations with our former customers. Hence, it is of the utmost importance for us to be informed respecting the commercial and financial situation with a view to the resumption of our intercourse in a lucrative form after this long interruption. It is our intention, therefore, to have our products sold through a Swiss branch by Swiss agents."<sup>2</sup>

With their incorrigible disposition to judge others by themselves, the British people fancy that after the war a wave of liberalism will sweep over Germany, demolish the strongholds of militarism there, and reveal a pacific, level-headed nation with whom it may be possible to hold friendly intercourse. This, to my thinking, is also a delusion. Even if the Kaiser and his environment were dislodged from their places, Germany's ideals, aims

<sup>1</sup> *Neue Zürcher Zeitung*.

<sup>2</sup> *Neue Zürcher Zeitung*, also *L'Idée Nazionale*, December 5, 1915.



and strivings would remain unchanged. But the Kaiser and his Government are minded to leave nothing to chance. They, too, have their plans, which are simple and comprehensive, and would appear to have escaped the notice of British optimists. And yet they are well worth consideration. The Germans themselves put the matter thus—

The enormous expenditure necessitated by the war will call for special financial legislation of which the keynote will be found in monopolies. Now, the present German Finance Minister, who is a banker by training, intends that the monopolies to be created shall be effected, not by the unaided resources of the State, but by its co-operation with the interested business men and banks. On this basis he is working at monopolies of cigarettes, life insurance and electric power. This complex arrangement is facilitated by the machinery of the banks and their peculiar activity. And here we touch upon one of the main sources whence German organization after the war will draw its vitality. It is on the operations of these financial institutions that it behoves us to lay stress. They are so many magnetic centres which attract nearly all the free capital of the country and then employ it as they think fit. And one momentous consequence of this command of money is the possession of almost unrestricted power over industrial enterprises, present and future. For it depends on the banks to extend these and to restrict the output of those in consonance with the economic policy pursued by the State.

Nor should it be forgotten that the power and influence of the banks is not limited by the amount of capital they actually possess.

Over and above this they wield all the financial force conferred by the vast amounts deposited with them by customers. This was evidenced in the case of the Banca Commerciale in Italy, which had a working capital of £6,240,000 in the year 1914. Now, of that sum only 2·5 per cent. was owned by Germans, yet the bank itself and all the industries dependent on it were exploited by the German Board of Directors.<sup>1</sup> In the Fatherland we observe the same phenomenon. All the German banks together, excepting the hypothecary institutions, owned £195,000,000 sterling, about 44 per cent. of which belonged to the eight principal banks of the empire.<sup>2</sup> Possessing only £86,050,000 of their own, they disposed of £259,600,000 belonging to other people.

One effect of the establishment of groups of monopolies will be to increase the number of persons dependent for their livelihood on the State. It is calculated that the total, including heads of families, will amount to tens of millions. The corn monopoly will bring in five million farmers, heads of families, who will have to look to the State for the amount of their yearly income. For it is evident that the Government will be "co-operating" not with the peasants, but with the great landed proprietors. Now, these are the men whose backing is indispensable, and has never been wanting, to the military and court

<sup>1</sup> Giovanni Preziosi, *La Germania alla Conquista d'Italia*, 2d edizione, p. 150.

<sup>2</sup> Deutsche Bank, 248 million marks; Diskonto Gesellschaft, 149 millions; Dresdner Bank, 261 millions; Darmstädter Bank, 192 millions; Berliner Handelsg. 145 millions; Commerz. u Diskonto Bank, 100 millions; Nationalbank, 98 millions; Mitteldeutsche Kreditbank, 69 million marks.

parties who are primarily responsible for the war. Once the wages of the workmen and the interest on capital become dependent on the State, the entire nation is but a vast machine worked by the men in power. To suppose that these will lend a willing ear to the demands for political liberty which are certain to be made after the conclusion of peace is to expect the impossible. What will probably happen is a keen struggle between the classes and the masses for the mastery, but until it is decided in favour of the latter, the Germany of the future will continue to be the Germany of to-day.

In the meanwhile, the Teutons, despite their striking inferiority in numbers and resources, have kept the Great Powers of the world at bay, have defeated their armies, sunk their mercantile marine, occupied their territory, drained their wealth, paralysed their trade and deprived them of all the odds which they owed to circumstance. Organization has thus more than made up for the seemingly overpowering advantages possessed by the Allies at the outset. That it will suddenly lose its worth during the remainder of the campaign is hardly to be expected. The contingency which we may have to face, if we continue to move at our present pace, is manifest to the observant student of politics.

By the average man and our "leaders of men" it is hardly even suspected. Our easy-going optimism is largely the result of temperament and partly, too, of presumptuous confidence born of past luck, and in especial of the relief we feel at our escape from most of the obvious dangers that menaced us at the outset of the war. There has been no trouble over Ireland, no rising in India, no

serious defection in South Africa, no invasion of Egypt. And we irrationally feel that these dark clouds, having drifted harmlessly past, the others will follow them. It was said of the Swiss in mediæval times, that they were kept together by the bewilderment of men and the providence of God, *confusione hominum et providentia Dei*. The same might be truly predicated of the British people of to-day.

But there is no reason for assuming that they will be thus providentially cared for in the future. The Allies have not yet driven the Germans out of Belgium, France, Serbia, Montenegro, Poland or Kurland. Neither have they contrived to starve them into sueing for peace. They talk glibly of exhausting them as though their own resources were inexhaustible. They do well perhaps to make light of the Zeppelins, but they pay far too little attention to the submarines, and seem not to realize the magnitude of the losses which these weapons have inflicted on our merchant shipping, nor to have calculated how long it can hold out at the present rate of destruction. Freights have increased enormously, and they have not yet reached the highest point they are likely to attain. Imports have been restricted, prices have gone up and taxation has increased. Time may not be on the side of our enemies, but is it on ours? It is a fickle ally at best, and to rely on its support is to lean on a split reed.

Optimism of the unreasoning kind prevalent in Great Britain is unwarranted, whether we confine our view to the actual campaign or extend it to the greater struggle of which that forms but an episode. Taking the former case first, one is struck with certain considerations which, without inspiring dismay, ought surely to

preserve us from that excessive self-confidence which is too often a hindrance to fruitful exertion. The financial burden and its relation to the limits of the allied nations' capacity to bear it is a fit subject for meditation when we feel uplifted in self-complacency. Doubtless it is encouraging to watch the symptoms of slow exhaustion displaying themselves in the central empires and to speculate on the consequences of the further fall of the German mark. But these consequences we are too apt to exaggerate. For we misjudge the character, the staying powers, the ideals, the psychology of the German people. We fancy that because they have been reduced from comfort to hardship therefore they are on the verge of collapse. We imagine that because their commercial and industrial classes are keen on making money and ardently desire peace, they are also ready to purchase it by acquiescing in conditions which would dispel their dreams of world power. We feel certain that if Prussia and all the German States received genuine parliamentary government, the costly ambitions of the military party would forthwith be dispelled for all time.

It is by delusions such as these that the British people were hoodwinked in the past, and it is by the same vain imaginings that they may be victimized in the future. For they seem incapable of gauging the German psyche. The two races meet each other in masks. The apparent ingenuousness of the English-speaking Teuton is calculated to throw the most vigilant Anglo-Saxon intelligence off its guard. We have no psychological X-rays by which to pierce the peculiar racial vesture in which the German soul is shrouded, nor

are we endowed with the gift of patient observation which might enable us to extract those rays from facts. And so we stumble along, dealing with an imaginary people whom we ourselves have created after our own image and likeness, falling into fatal blunders and recommencing anew.

It is true that the mark has fallen, and that the German financial fabric is in a parlous condition. But that fabric is kept from crumbling away by the war, just as the Egyptian papyrus is preserved so long as it does not come into contact with the air. Moreover, common prudence should impel us to find out at what a cost to ourselves we have reduced the value of the mark. If financial exhaustion be among the ways in which one group of belligerents may be made to succumb, it is wise to ask whether it is the States which have to pay gold for their huge requirements or those which can get almost everything they need for paper that are likely to succumb first.

The question is relevant, yet, because it has not been moved into the foreground of discussion, there are few people who ponder on it.

Personally, I am convinced that impecuniosity and loss of credit will never bring the Germans to their knees.

Great Britain has achieved wonders in the financial sphere during this war, as the Allies and certain neutrals can testify. Our budgets are monuments of the nation's spirit of self-sacrifice. But we have not come scathless out of the ordeal. And besides our inevitable losses we are suffering from criminal waste. No other country is so thriftless as ours. In this respect we are a byword among the peoples of the world. But we give no thought to the

consequences. Yet the yearly outlay on the one hand and the means of meeting it on the other hand are calculable, and it would be well if those who rely upon Germany's financial prostration would carefully reckon up and compare the two, were it only for the sake of the sobering effect. On this aspect of the problem it is needless to dwell further. It will compel close and painful attention before the end of the campaign.

Another point to which inadequate heed has been paid, is the lack of working men. This dearth of labour is not felt in Germany or Austria, because they have two million prisoners and two million Poles on whom they can draw not only for agricultural work but also for skilled labour. And the authorities of both those empires are employing their war prisoners very freely. Here, as everywhere else, the Teuton is enterprising. I have seen photographs of Russians in Germany harnessed and employed as beasts of burden. At any rate, it is no secret that from the latter half of the year 1915 Germany and Austria were far ahead of Great Britain, France, Russia, the United States and Japan *combined* in the amount of munitions they turned out every week. And they are still ahead of them to-day. This fact, which can be verified, has an ominous ring. What it connotes is that our enemies have no strikes, no conscientious objectors, no fiddling with obligatory service, industrial or military. Each man is at his country's beck and call. Germany is free from strikers, slackers and such-like anti-social types.

In Russia the want of working men is felt keenly. It is one of the main elements of the sharp rise of prices there. In France, too, the

number of hands needed is very great, and the loss inflicted by their withdrawal from the labour market is more sensible than the average reader has any notion of. And far from being filled, these gaps are becoming wider day by day. This shortage is a source of solicitude to the Government of the Republic.

What it portends may readily be imagined. It certainly compels us to qualify the cheering assertion that time is on our side. What else it implies may be left to the imagination of the reader.

More serious still than the financial burden, or the dearth of workmen, is the inadequacy of the mercantile marine to the needs of the Allies in general, and of Great Britain in especial. To this privation submarine warfare has contributed materially. And there is not the slenderest ground for hope that the Germans will desist from it during this campaign. On the contrary, they will intensify it. Of the neutrals, some are too weak and others too timid to enter an energetic protest against this violation of international law. The freight-carrying capacity of the transports still available is less than the British optimist realizes. How much less, it would be unfruitful to inquire. It is enough to know that in this matter, too, we had better seek a more helpful ally than time. Those who are most conversant with these elements of the problem are haunted by a restive consciousness of disappointment and apprehension.

For the power, the independence, the destinies of the Empire are interwoven with our command of the sea. On our merchant tonnage depend our economic life, our army and navy, everything we have and are and



hope to be. That destroyed or paralysed, nothing remains but a memory. And the Germans are working hard and not unsuccessfully to cripple it. During the week ending April 13, 85,000 tons of British and neutral shipping were destroyed. Since the beginning of the submarine blockade over 3,000,000 tons have been sent to the bottom of the sea. On an average 50,000 tons a week are being torpedoed or mined, and our losses tend to augment rather than diminish. Nor is that all. Not only is our merchant tonnage being whittled down below the minimum needed for our strict requirements, but we are also being hindered from utilizing the transports available. And herein lies a danger the full significance of which has not yet received proper attention. Shortage of labour is pleaded as the reason why effective measures have not been adopted to fill the gaps made by the enemy submarines. And labour is inadequate because the Government eschews industrial as well as military compulsion. It possesses the power, but shrinks from wielding it. To my thinking, this is one of the symptoms of that madness with which the gods strike a nation before destroying it.

And the longer this process of—shall we call it mutual?—exhaustion goes on, the more important grow the neutral States and the louder sound their voices. They are like Jeshurun, who waxed fat and kicked. Without special aptitudes for arithmetic one may calculate, with a rough approach to accuracy, the time when the process of mutual exhaustion will enable the neutrals to exert an absurdly disproportionate and possibly dangerous influence over the belligerents. That is a calculation which those optimists would do well to

make who tell us that all is well because "time is on our side."

It is still open to us to utilize our superior resources, realize our latent strength, and ward off the dangers that beset us. But the first advance towards the goal must be to face the facts, behold things and persons as they are, and apply our new-found knowledge to the work of self-rescue. Our conception of the nature of the contest in which we are engaged must be recast. Our demands on our national leaders—not those now in power who only mislead—must be greatly enlarged. Truth, however bitter, must take the place of fancy. Ideas and institutions incongruous with the new social and political conditions must be displaced. The nation's aims and policy should be stated boldly and clearly, and adequate machinery set up to achieve them. In a word, system will have to be substituted for confusion, method for haphazard. Destitute of a great or strong man, it behoves us to imitate our enemy and create a vast organization with branches all over the empire. But the influence of the government ever since the outbreak of the war has militated against all those reforms.

If these changes had been effected at the outset the story of the present campaign would have been different from what it is. A group of belligerents representing only 5,921,000 square kilometres of territory and 150,199,000 inhabitants, or, say, 4 per cent. of dry land and 9·1 per cent. of human beings, would not have held its own for twenty-one months against a group disposing of 68,031,000 square kilometres of territory and a population of 770,060,000, or 46 per cent. of the land on the globe and 47 per cent. of the human race.

Providence has bestowed upon the Allies the wherewithal to attain their legitimate ends. The Allies' leaders are frittering them away.

For the thirty years of preparation do not afford us an adequate explanation of the Teuton superiority. The clue is to be found in the psychological factor. Germany is wholly alive, physically, intellectually and psychically. And she lives in the present and future. We either drowse or vegetate in and for the past. She has the decisive advantage of possessing organization and organizers. Therein lies the secret of her sustained success. The Allies lack both, and are hardly conscious of the necessity of making good the deficiency. Therein lies their weakness. It has made itself felt throughout the campaign and will determine the upshot of the war. And in the politico-economic struggle that will follow the war, it is the same psychological factor which the Allies rate so low that will decide the final issue.

Unless we wake up to the reality and readjust our ideas and methods to that—and of such awakening there is as yet no sure token—the outcome of the present war will be a draw, and the final upshot of the larger contest will be our utter defeat. No journalistic optimism, no ministerial magniloquence can alter that. These contingencies are already fullfronting us, as we shall soon learn to our cost, and the people who are veiling them from the public view, however praiseworthy their intentions may be, are leading the nation to ruin. And if we continue to uphold our present chiefs and methods national disaster is as inevitable as destiny. But it is well to remember that it is not Fate that is pursuing us; it is we who are overtaking Fate.





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