THE FOREIGN POLICY OF THE FIRST BRITISH LABOR GOVERNMENT

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THE FOREIGN POLICY OF THE FIRST BRITISH LABOR GOVERNMENT

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FOREIGN POLICY OF THE FIRST BRITISH LABOR GOVERNMENT

I INTRODUCTION

On January 22, 1924, Great Britain came under the regime of the Labor Party for the first time in its history. A question which arose with the accession of the Laborites was, would they follow the traditional aims in foreign policy and the traditional methods of their attainment?

"The general character of England's foreign policy is determined by the immutable conditions of her geographical situation on the ocean flank of Europe as an island state".[1] Since the 16th century, when England lost her last foothold on the Continent, she had taken advantage of this unique island position by turning to the sea both for her defense and her opportunity. The era that followed was one of overseas expansion and trade. For the retention of these possessions and the trade which accrued from them, British aims were peace, security and trade. The traditional methods of attaining these principles had been to maintain the independence of the Low Countries and to curb any one power or group of powers from obtaining dominance on the Continent of Europe and the two-power standard navy.

The first of these great principles of English foreign policy, the preservation of the independence of the Low Countries, was based on the geographical proximity of the two areas, "the waters which divide her (England) from Western Europe are so narrow that she can

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1 Eyre Crowe, "Memorandum on the Present State of British Relations with France and Germany", in George Peabody Gooch and Harold Temperley, eds., British Documents on the Origins of the War, 1898-1914 (London, 1928), III, P.402.

never for long remain indifferent to what happens on the opposite shores of the Channel",..."[2] as it is from here that the greatest danger could threaten the island kingdom. In maintaining this principle,wars were fought in the 16th century with Spain, in the 17th and 19th with France and in the 20th with Germany.

The second principle of British policy is to prevent Europe from coming under the hegemony of a single power or group of powers. For more than four hundred years virtually all British statesmen, without distinction of party or class, have upheld this principle by following a policy of maintaining an equilibrium of power. The essence of this policy was that there should be, irrespective of the attitude of Britain, a fairly even balance between rival Continental groups. So long as this existed, Britain could from time to time throw her weight on one side or the other to prevent the balance from being disturbed while remaining permanently uncommitted to either side.[3] Therefore Britain avoided any obligation which would impair her future freedom of action. The idea of the equilibrium of power was particularly applicable to the nineteenth century when, after the peace treaties of 1815, British statesmen were able to boast of their "splendid isolation". By the end of the century, the conditions which had allowed Britain to pursue this policy had disappeared. With the rise of Germany, Britain could no longer readjust the balance by a slight inclination

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[2] Austen Chamberlain, "The Foreign Policy of Great Britain," in the Council on Foreign Relations, ed., The Foreign Policy of the Powers: France, Germany, Great Britain, Italy, Japan, Soviet Russia, the United States, (N.Y., 1935), P.60. Hereafter cited as A. Chamberlain, Foreign Policy.

[3] E. H. Carr, Conditions of Peace (N.Y., 1942), P.195.

to the weaker side while retaining her traditional aloofness, but had to throw her whole weight onto the scale.

To attain the aims of British policy, peace, security and trade, it was thought necessary to maintain a two-power standard navy, that is, a navy stronger than the combined strength of her two closest rivals. Of all the great powers none is more dependent upon the sea, first for her defense and secondly for a supply line to her far-flung Empire upon whose foodstuffs and raw materials England relied. To secure the safety of her communications she acquired strategic sites which tended to give her a dominating position in controlling the seas. Gibraltar, Alexandria, Cape of Good Hope, Singapore and Hong Kong were the focal points. At the end of the nineteenth century, as Germany had resolved to build a mighty fleet, Britain realized the two-power standard navy could no longer be maintained. Therefore, an alliance was made with Japan and an understanding was reached with the United States by which England was freed to concentrate a larger portion of her fleet in home waters.

After the first World War the aims of British policy, peace, security and trade, received fresh emphasis as Britain had seemingly reached her utmost expansion. These aims were more than ever desirable in order to make possible the development of the Empire's resources.

II POST WAR PROBLEMS

Estrangement With France

However, although Britain and France in World War I fought side by side to defeat a common enemy, no sooner had the Armistice been signed in 1918 this unity of purpose disappeared. The divergent policies these two nations now followed were due in part to the peculiarities of their respective temperaments, in part to conflicting traditions and in part to economic interests. Their geographical positions, in relation to that of the defeated enemy, must also be considered as adding to this divergence of policy. Conditions were thus right fon conflicting strategies of peace.

So far as the first of these is concerned - the friction which developed was due to differences in terperament - the Frenchmen places his trust in the logical process leading to a logical conclusion, while the Englishman is more prone to disregard systematic planning and 'muddle through'. That is, he relies on his capacity to meet emergencies as they arise.[1] The time-honored British conception of fair-play and chivalry to a beaten foe, therefore came into conflict with the legally precise French mind.

Secondly, so far as conflicting tradition is concerned, the keynote of French post-war foreign policy was no less than that of Britain, the search for security. However, France's policy of security was based on the fear of the recrudescence of Germany and the fear of another Franco-German war was the motivating force for all her activities.

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[1] A. Chamberlain, Foreign Policy, pp. 55-57.

France, numerically inferior to Germany, realized that in the long run her military superiority could not last, therefore, her plans for peace were based on the organization of a potential wartime coalition and on perpetuating Germany's artificial inferiority.

Britain, on the other hand, felt that she had gained as a result of the war security. Her two most powerful rivals had been eliminated. Germany's defeat had meant the loss of her navy and of her colonies. Therefore, the British Isles and the communications of the Empire were safe from this quarter. Russia, Britain's other major rival, had temporarily disappeared in revolutionary chaos.

Economic rivalry, was, as we have noted, a third source of friction. In the peace treaties which had followed the war, Great Britain attempted to pursue her "old and sagacious principle to work for the weakening but not the complete ruin of her most dangerous continental enemies...."[2] Thus, after the Napoleonic Wars Britain had insisted on the comparatively lenient treatment of France to insure the non-dominance of the Continent by one power. Mr. Lloyd George's declaration "to endeavor to draw up a peace settlement, as if we were impartial arbiters, forgetful of the passions of war",[3] had precedents.

Another cause of friction arose, when through British action, France, after the war, had been deprived of what she called a "physical guarantee",

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[2]Alfred Francis Pribram, England and the Internation Policy of the European Great Powers, 1871-1914 (Oxford, 1931), p. 114.

[3]H.A.L. Fisher, "Britain's Foreign Policy," Edinburgh Review, CCXXXIX (1924) p. 293.

that is, the possession of the Rhenish districts of Germany through which she had twice been invaded within fifty years. Lloyd George, who sided with Woodrow Wilson on the enforcement of the doctrine of self determination, was opposed to any plan which would have involved the separation from Germany of more than five million Germans living on the left bank of the Rhine. Such an action it was felt would have created a new "Alsace-Lorraine". After a struggle, during which Marshall Foch said, "if we have not the Rhine and the bridgeheads over the Rhine, we have nothing",[4] France gave in to Britain and the United States.

As a quid pro quo for abandoning her claims to these areas, France had obtained the occupation of German territory on the left bank of the Rhine by an Inter-Allied force for a period of fifteen years and the permanent demilitarization of this area together with a strip of land fifty kilometers wide on the right bank.[5] In addition, Lloyd George and Woodrow Wilson had promised British and American aid to France in case of an unprovoked attack by Germany. This obligation, however, was joint, so that if either guarantor failed to ratify, the treaty would be void. When the United States Senate repudiated President Wilson "France felt herself cheated. She had abandoned her claim on the strength of a promise which was not honored; and the grievance was an underlying factor throughout the subsequent discussions between France and Great Britain on the question of security."[6]

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[4] G.P. Gooch, "British Foreign Policy, 1919-1939" Contemporary Review, CLVIII (1940), p. 380. Hereafter cited as G.P. Gooch, "British Foreign Policy".

[5] Article 42, Treaty of Versailles

[6] E.H. Carr, International Relations Between the Two World Wars (1919-39) (London, 1948), p.27.

A part of the tradition of British foreign policy had been to regard every settlement as a temporary solution that would, in due time, have to be changed. Britain had been unusually successful in employing a flexible policy and moved from one agreement to another, regarding each one as a step to the next. The Versailles Treaty had been regarded in the same manner. The French were not wrong when they felt that the British attitude toward Versailles had been revisionist from the time that the treaty had been signed. Such politically and socially different men as Lord Curzon and Mr. Clynes had expressed revisionist sentiments as early as 1919. Also, in the same year, the Foreign Office, in a commentary on the League, said they did not intend "to stamp the new territorial settlement as sacred and unalterable for all time."[7] The Labor Party in particular was desirous of a revision. MacDonald, commenting on the strained relations with France said, "we have to make up our minds that all that has happened has been in a sort of apostolic succession from the Treaty of Versailles."[8] Here again the attitudes of Britain and France differed. France, although her fears had not been allayed by the peace treaties, regarded the territorial settlements as final and part of her post-war policy was to defend and safeguard Versailles.

France's only treaty protection against Germany, after the British-American guarantee had fallen through, was that which was contained in the Covenant of the League of Nations. The French placed very little

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[7] Arnold Wolfers, Britain and France Between Two Wars. Conflicting Strategies of Peace Since Versailles(N.Y., 1940), p.212.

[8] J. R. MacDonald, in Parliamentary Debates: Fifth Series. House of Commons, Vol. 160 (February 16, 1923), Col. 553. Hereafter cited as Parl. Debates.

confidence in this Anglo-American creation representing as it did their predilection for general principles and broad statements which were anathema to their logical, precise mind. France's scepticism was increased when, at the First Assembly of the League of Nations, articles X and XVI were the subject of attack and lead France to question their application in time of crisis. Also, what prestige the League might have had was lessened by America's refusal to join. France, therefore, sought compensation for what she felt was a blow to her security by seeking new allies. The Covenant was dismissed as a scrap of paper.[9]

Britain was unable to put herself in France's position and the latter's actions of suppressing Germany and securing alliances were interpreted as an attempt to gain European hegemony which would be counter to Britain's traditional policy. The English, knowingly or inadvertently, sought the resurrection of the equilibrium of power by attempting to restore Germany and hence have her as a counterpoise to France and her allies. The policies of these two powers, one for Germany's restoration and the other for her complete subjugation, were bound to clash. British policy was supported by public opinion and Ramsay MacDonald expressed this when he said, "What about our security? Are we going to forget that? Are we going to forget history? Is it something essential to a demonstration of amity to France that we are going to turn a blind eye to all the dangers that the development of an enormously powerful European power is going to offer us?"[10]

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[9] G. P. Gooch "British Foreign Policy", p.381.

[10] J. R. MacDonald, in Parl. Debates, Vol. 160 (February 16, 1923), Col.548.

Britain, for economic reasons, was able to voice her strongest protests to France's actions toward Germany. During the war, Britain had sold large blocks of her investments in the United States to help finance the war. Thus, a large portion of British income which had paid for the excess of imports over exports was gone. Not only had the war cost Britain these investments but a good portion of her export market had likewise disappeared. The United States had been able to capture the Latin American trade and Japan had enhanced her position as the manufacturer for the Far East. Also, Britain's lucrative pre-war Russian trade had been severely curtailed by the Revolutions. Britain with a vast number of unemployed was anxious for the economic restoration of Germany who, in the pre-war period, while being a competitor of Britain in the world trade, had also been her best customer. But France which was a more self-contained economic unit had no need for Germany's revival and, in fact, feared it as being an initial step toward military revival. Therefore, while Britain desired to create a peace psychology, that is, to establish a peaceful state of mind which would be conducive to normal economic activity, France was making demands upon Germany for reparations which were excessive to the point of crippling her economy thereby impairing her ability to wage war, an idea wholly compatible with France's foreign policy. Therefore, the peace strategies of the two nations differed.

Anglo-French friction had reached its height in 1923 when France invaded the Ruhr. This was done in complete accord with the French policy of security. The immediate occasion for this action was brought about when Germany failed, by an insignificant amount, to meet her schedule of deliveries. The Reparations Commission, with

the British representative dissenting, declared her in voluntary default. The British protested, taking the position that this was isolated action undertaken on an inadequate pretext. However, the real reason for the protest was that Britain felt that the occupation "... is going to decrease our (Britain's) economic security and going to do very serious damage to the industrial activities of this country".[11]

The Russian Problem

Another problem which arose after the war was that of Anglo-Russian relations. The problem arose after the Liberal Provisional Government, which had overthrown the Czarist regime, was in turn replaced by a Communist form of Government in November, 1917. The first successors to the leadership of the Russian Empire had bound themselves to support the War and this action was received favorably by the Allies. But, when the Soviets came into power they immediately attempted to end the War between Russia and Germany, and in March, 1918, the Treaty of Brest-Litvosk had been signed.

Shortly after this, Britain and her allies sent armed forces into Russia, obstensibly to prevent the vast amount of military supplies, which had been landed in Russia, from falling into German hands and also to keep some semblance of an Eastern Front. Such was the background of British foreign policy and the scene in which it functioned when the Labour Party came to power.

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[11] Ibid., col. 549

III LABOR COMES TO POWER

In the general election of December, 1923, Labor ha d increased its representation in Parliament to 191 members. Joined by the Liberals the Labor Party had then, in January, 1924, defeated the Conservative Baldwin Government and were called upon to form the First Labor Government, a minority Government dependent on the sufferance of the Liberals. James Ramsay MacDonald became the Prime Minister and Secretary of State for Foreign Affairs as well. Arthur Henderson, Arthur Ponsonby, and John Robert Clynes were other members of this Government who were prominent in foreign affairs.

In general, the Labor Party and its members had had very little experience in foreign relations. In fact, prior to World War I, Labor did not even have a policy of its own. In 1914, however, with the advent of the war, the major portion of the Labor Party adopted the position that, "Great Britain was wrong to enter the war; having entered it, she must win it; yet even in war time the rational temper of the moderate must somehow be preserved, lest the eventual peace be that vindictive kind which must insure future wars."[1] Other members of the Labor Party, such as Keir Hardie, Philip Snowdon and MacDonald, were opposed to the war. During the war, the Labor Party had members in the various coalition Cabinets.

MacDonald had had no experience in any governmental capacity. His principal interest, however, had been foreign relations. As a

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[1] Godfrey Elton, "James Ramsay MacDonald", Dictionary of National Biography (4th supp.), p. 565.

result of marriage, which brought him independence from financial problems, he had been one of the most traveled men to enter office. On his travels, MacDonald had met many of the most important men in international affairs and though he did not speak any language but English, he had been able to get along remarkably well with them. In World War I the position he originally adopted was one of opposition to the war. When he had been defeated on a proposal not to support the Government's demand for war credits he resigned his leadership of the Party and left Parliament. During the war, however, MacDonald seemed to contradict this initial act of opposition to the war and eventually accepted the views of the Parliamentary Labor Group.

Arthur Henderson, a leading member of the Labor Party and the first Labor Cabinet did much to prevent the party from breaking up completely on the issue of supporting the war, and upon MacDonald's resignation from leadership of the party, Henderson had taken over the Parliamentary Labor Party and was able to retain some semblance of unity in it. When Belgium was invaded by Germany in 1914, he took the view that this was a direst challenge to Great Britain and therefore left Britain no alternative but to fight. During the war, Henderson held positions in the coalition cabinet. In 1917, after the first Russian revolution, he went on an official mission to that country in an attempt to keep that nation in the war on the side of the allies. While in Russia he became convinced that British Socialists should take part in the proposed Stockholm Conference. This led to a break with Lloyd George and Henderson resigned from the cabinet. His Russian mission and the ideas associated with the Stockholm Conference

were a great influence on Henderson; from this time onward his outlook was predominantly international. Although Henderson was Home Secretary in the cabinet of 1924 his main concern was with world affairs and he played a large part in the London Conference and contributed much in working out the Geneva Protocol.

Arthur Ponsonby and John Robert Clynes, were not only important and influential members of the first Labor Government but illustrated its heterogeneity. Ponsonby had been educated at Oxford. Ponsonby had entered Parliament as a Liberal, after being a member of the Foreign Office and representing his nation at Copenhagen and Constantinople. In 1922 he was elected to the House as a Laborite. Ponsonby in 1924 held the post of Under-Secretary of State for Foreign Affairs. Clynes, like Arthur Henderson, rose to prominence through the trades unions. He took part in the wartime coalition cabinet and in 1924 held the post of Lord Privy Seal.

IV LABOR'S RAPPROCHEMENT WITH FRANCE

MacDonald and Poincaire'

MacDonald shortly after coming into office outlined Labor's foreign policy. In essence he stated that one of the first duties of any British Government, alike for selfish and altruistic reasons, was to work for the settlement of Europe. That settlement would have to come in stages as it was too big an undertaking for all its different aspects to be tackled together. The first problem he would face was the one Stanley Baldwin had willed to him, that is reparations. MacDonald believed that this problem should come first as he felt that the foundations of European civilization were economic and, especially in Germany, that these foundations were rapidly deteriorating.[1] To alleviate this problem he felt it was necessary to get an evacuation of the Ruhr.

MacDonald inherited perplexing problems which the governments of Lloyd George, Bonar Law and Baldwin had not faced squarely and which had caused Europe and especially France to lose confidence in Great Britain. Just before his fall, Prime Minister Stanley Baldwin, MacDonald and Poincaire' had stated that, "if we are defeated tonight, we leave for our successors no outstanding problems except the problem as regards to reparation question and the French question...."[2] In the House of Commons Bonar Law's foreign policy had been labeled as one of "benevolent impotence" and it was felt that Baldwin's had reached "the stage of feebleness and inaction."[3]

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1 Arthur Willert, Aspects of British Foreign Policy (New Haven, 1928), p.55-57.

2 S. Baldwin, in Parl. Debates, Vol. 169 (January 21, 1924), col. 629.

3 J. R. Clynes, in Parl. Debates, Vol. 169 (January 17, 1924), col. 304.

MacDonald, like his predecessor in the Foreign Office Viscount Curzon, had to contend with M. Poincare' but he approached the French Premier in a manner different from that of the former Foreign Secretary. That is, he tried to create an atmosphere conducive to friendly relations between Britain and France. His first step toward this immediate objective was the writing of a conciliatory letter to Poincare'. After a brief introduction in which he pointed out the joint sacrifices made by the two nations during the war, MacDonald said, "I grieve to find so many unsettled points are causing us trouble and concern..." but "I am sure by the strenuous action of good-will these conflicts can be settled and policies devised in pursuit of which France and Great Britain can remain in hearty cooperation."[4] The French Premier's reply was equally cordial. While this was a sincere attempt on MacDonald's part to clear the way for future unanimity in foreign policy it was doubtful whether the leader of the British Labor Party could ever have established intimate relations with the head of the French Conservatives. The real break came when Poincare's Bloc Nationale was defeated by the Leftists, the Cartel des Gauches.

The defeat of Rightest foreign policy in France occurred as one of the results of the Ruhr invasion. This action had affected France adversely. Not only did she fail to obtain the reparation payments, which she had claimed was the object of her invasion, but like the mark, the French franc had begun a similar inflationary climb.

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[4] J. R. MacDonald, in Parl. Debates, Vol. 169 (February 12, 1924), col. 767-770.

German antagonism also was deepened and even neutral opinion had turned against France. Seemingly she was more isolated and further away from her goal of security than ever before. The French people seeing this diplomacy fail were desirous that efforts be made along new lines and repudiated Poincare's policy of trying to establish peace by force. In May, 1924, the Left won a decisive victory.

The victory of the Cartel des Gauches, while not anticipated by Britain, was welcome news for MacDonald as Edouard Herriot, a fellow Socialist, became the new Premier of France. There were now more flexible minds in the Quai d'Orsay. Unlike Poincare' they did not regard the Treaty of Versailles as a legal contract which must be enforced regardless of consequences. Thus, Britain and France were brought nearer to each other once more.

The Chequers Conference

M. Herriot, on coming into office, had stated as part of his program that he accepted the recommendations in the Experts' Report. As this was also the intention of the British Government the difficulty in arranging for Franco-British cooperation was lessened. A visit by the French Premier to England was arranged.

On June 21, and 22, Herriot and MacDonald held conversation at Chequers, the official country house of the British Prime Minister. "The purpose of the interview", MacDonald stated, "was to discuss the technical arrangements that have to be made in order to put the Experts' Report into operation and to survey the various matters in which cooperation between France and ourselves seems to be desireable

in order to promote security and peace in Europe."[5] The official statement which was released on the Chequers Conference said,

> The conversation revealed general agreement between the French and British points of view, and on the part of the two Prime Ministers a common determination to meet the difficulties which beset their countries, and indeed the whole world. It was agreed that, subject to the convenience of the other Allies, a conference should be held in London not later than the middle of July, for the purpose of definitely settling the procedure to be adopted with regard to the Experts' Report.

The last part of the communique stated that

> The two Prime Ministers agreed to pay a brief visit to Geneva together at the opening of the Assembly of the League of Nations in September, next.[6]

Anglo-French Paris Meeting

MacDonald, then issued invitations to the conference and accompanied them with a series of "...British suggestions concerning the task of the forthcoming conference..."[7] But, to the French Nationalist press, it seemed that the British proposals portended the surrender of all French interests and M. Herriot was denounced for this surrender. The Herriot government appeared seriously threatened and he called upon MacDonald to come to Paris. MacDonald, upon receipt of this request, said, "I am not going to allow, if I can help it, any mischief maker on either side of the Channel to destroy the prospects of a settlement between France and ourselves... and I propose to

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5 Time, the Weekly Newsmagazine, February 11, 1924, p.8.

6 J. R. MacDonald in Parl. Debates, Vol. 175 (June 23, 1924), col. 41.

7 George Glasgow, "Foreign Affairs" Contemporary Review, CXXVI (1924), p. 277.

accept a suggestion made by the French Prime Minister this morning to go to Paris tomorrow morning...."[8] MacDonald, realizing what effective action in support of the Herriot government would entail and preparing the House for these events said, "The position is this: If we are going to have a settlement with France we must feel both French susceptibilities and French interests, and it is absolutely essential that the suspicion that has existed for such a long time between the two countries should be dispelled. We found relations between France and ourselves a little weather-beaten and my task, since I came into office, has been to restore them."[9]

Mr. MacDonald's visit to Paris no doubt saved the domestic situation for M. Herriot's Government. This was very important, for the defeat of Herriot would have meant the return of Poincare' who would have made the task of the Experts more difficult or totally impossible.

Herriot could not give up France's previous position of occupying Germany if default on reparations was encountered. This led to a compromise plan which was forthcoming from the London Conference.

MacDonald had to do more than this. The Anglo-French memorandum which was released stated, in part, "The two Governments have likewise proceeded to a preliminary exchange of views on the question of security,"[10] the uppermost concern of post-war France. MacDonald tempered this somewhat, saying, "His Majesty's Government made it definitely clear that no proposal of a nature of a military pact could be entertained; but repeated its desire to continue conversations on

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8 J. R. MacDonald, in Parl. Debates, Vol. 175 (July 7, 1924), col. 1753.

9 Ibid., col. 1801-1802.

10 Ibid., col. 1802.

the subject especially as regards arrangements through the League of Nations, disarmament conferences, or by other acceptable means."[11] As we shall see, this question of security would have its ramifications at Geneva in September.

At this Paris Conference, "The French Government further desired to associate the question of Inter-Allied debts with the Experts' Report."[12] MacDonald would not allow this problem to be presented at the forthcoming London Conference. He reasoned that it would add difficulties to getting the Report into operation. His position on refusing to allow this question to arise could probably be better explained by Britain's debt-credit position which was almost in balance. Allowing this would have lessened Britain's income while still having to pay to her creditor, the United States, the original amount as this nation consistently refused to tie up Inter-Allied debts with German reparation payments.

The London Conference, to implement the Experts' Report, met a few days after the Paris meeting. Before we discuss it it is necessary to retrogress a moment to explain the inception and the subject of the Report.

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[11] H.H. Asquith, in Parl. Debates, Vol. 176 (July 19, 1924), col. 65.

[12] J. R. MacDonald, in Parl. Debates, Vol. 175 (July 10, 1924), col. 2466.

V THE EXPERTS' REPORT AND ITS IMPLEMENTATION

The Report

Charles Evans Hughes, the American Secretary of State, in December, 1922, had suggested that the reparation question which was causing concern be referred to an independent, international committee of competent financiers. Almost a year later Baldwin, who was then Prime Minister of England, began to prepare for another attempt to settle the reparation problem and inspired by Hughes' suggestion addressed a note to the American government asking whether it would send representatives to a conference or alternatively to a commission of investigation. The United States then agreed to join with Britain, France, Belgium and Italy in appointing a committee of experts who were to examine from a purely business and non-political standpoint ways and means of putting Germany's finances in order. Two committees were set up, the first, to study the means of balancing the German budget and of stabilizing the German currency, known as the Dawes Committee, after the American expert who was its chairman, and the second, known as the McKenna Committee, which was to consider the means of determining the amount of German capital exported abroad and to return it to Germany. This action was permissible under the Versailles Treaty which allowed the modification in Germany's interests should events demonstrate the schedule of payments be beyond Germany's reasonable capacity.[1]

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[1] Article 234, Treaty of Versailles.

In order to spare French susceptibilities, no mention was made of the necessity of considering Germany's capacity to pay reparations. Nevertheless, in considering the problem of balancing the German budget the Dawes Committee would necessarily would have to consider what reparation payment the budget could make. M. Poincare' had refused to allow the Committee to consider the fixing of a total sum for payment by Germany and also did his best not to allow the military of the Ruhr from being scrutinized by the Experts. While the Dawes Committee had a purely economic reference and were not to investigate legal or political matters they could hardly be avoided. In fact, the report of the Dawes Committee stated that unless the penal measures in special tariffs and taxes which burdened the industries of the Ruhr and the old occupied areas and divided them by a financial wall from the rest of Germany were swept away, there could be no hope of payment. The plan recommended a total yearly payment amounting eventually to two and one half billion gold marks.

The London Conference

After the meeting of MacDonald and Herriot at Chequers, MacDonald issued invitations for a conference to be held in London commencing in the middle of July. The purpose of it was to find how to apply the Experts' Report. The contents of the Report were not to be discussed or was any problem not connected with its application to be allowed. The Governments had already approved of the Report. The British Government had accepted it. "The figure which the statesmen (the Experts) have considered as proper and appropriate for a settlement of the Reparations question is a figure approximating to the one...

persistently advocated by Labor throughout these years."[2] Public opinion in England was behind the Government's acceptance of the Report.

One of these reasons for Britain's acceptance of the Experts' Report was to prevent France from interrupting Germany's revival by another Ruhr invasion. To prevent this, it would be necessary to remove from French hands the dominance of the Reparation Commission which had control of declaring default. MacDonald was able to obtain this by arguing that the loan, proposed by the Experts' Report, necessitated a new arrangement of the Reparation Commission. He said,

> The basis of the Experts' Report is the raising of a loan for Germany in order to put it on its feet economically and enable it to meet its obligations and re-enter the economic system of Europe.

But MacDonald felt difficulties would be encountered in raising the loan as,

> On the British and American (money) markets confidence in the Reparation Commission as a judicial body for declaring default has been completely forfeited, and we were informed that so long as it could destroy the economy and credit of Germany by a declaration of default, which, as a matter of fact, might not exist, the security for the loan would be of so little value that the loan would not be subscribed.

It was necessary to remove the objections the British and American bankers had to the Reparation Commission. Therefore, at the London Conference,

> The arrangement finally made was that a citizen of the United States shall be added to the Reparation Committee,...as a full member of the Commission, when the question of default is under consideration.[3]

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2 J. R. Clynes, in Parl. Debates, Vol. 169 (January 17, 1924), col. 304.

3 J. R. MacDonald, in Parl. Debates, Vol. 176 (August 4, 1924), col. 2526-2527. At the Anglo-French Meeting in July, MacDonald had attempted to get France to agree to have an American on the Reparation Commission. The French Government, however, wished time to consider this and leave a final decision to the London Conference.

After the Allied Governments had agreed on implementing the Report, the Germans were invited to London. They were represented by Marx, Stresemann and Luther who signed the agreement on August 16, 1924. In October the loan was issued and, except in France, was everywhere over-subscribed.

Reasons for Accepting the Report

Britain was anxious to have the Experts' Report accepted for economic reasons. In the immediate post-war period Britain, with the other victorious Allies, had demanded huge reparation payments from Germany. This was done in a manner seemingly oblivious to the economic effects reparation payments had had on Germany after the Franco-Prussian War. After the Russo-Japanese War, the Japanese economists recommended to their government not to take an indemnity and have her markets glutted with reparation goods. But, after World War I the Allies accepted German reparation goods. England had begun to suffer the consequences. The Manchester Guardian was able to point out that coincident with the importation of reparation goods the statistics for British unemployment was steadily rising.[4] Examples of this economic disallocation were easily discernible. In the post-war years Britain had received a large portion of the German merchant marine as reparation payment. Her shipbuilders were unemployed while Germany's were quite busy. Another example which may be cited was that of coal. In the pre-war years France had been a consumer of this British commodity but the diversion of German indemnity coal to France spoiled the English market in that country. In other words, reparation goods

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[4] T. Johnston, in Parl. Debates, Vol. 176 (July 14, 1924), col. 102.

had added to England's unemployment. Part of the Experts' Report took this into consideration by recommending that certain products be exported and set up machinery to prevent, as MacDonald said, "an uneconomical export of goods for reparation purposes".[5]

If the original reparation demands which were made upon Germany had been insisted upon, England would surely have suffered. The only way Germany could have met the demands which had been made upon her, would have been to adopt a policy of austerity, that is, a policy which would limit imports mainly to raw materials and enormously expand exports of her own raw materials and finished products with as little internal consumption. What would this have meant to Britain? First, she would not have the German market for her finished goods and secondly, Germany would compete and probably capture much of her remaining foreign market. To justify this latter statement, one should understand the effects German inflation had upon the internal economic conditions of that nation. Germany had been able to wipe out its domestic debt. "The victorious nations by contrast, since they were meeting the costs of their domestic debts, would be unfairly handicapped in the world markets if they were compelled to compete with German production, freed of all domestic taxation resulting from the war".[6] Also, many of the great German industrialists had been able to tremendously increase their wealth and power during the inflationary period. By availing themselves of artificially cheap labor and a rapidly falling currency they were able to enlarge and modernize their plants. Britain's position was one of desiring German industry to be

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[5] J. R. MacDonald, in Parl. Debates, Vol. 172 (April 15, 1924), col. 1139.

[6] Frank Herbert Simonds, How Europe Made Peace Without America (Garden City, N.Y., 1927), p. 291.

revived and permit the importation of English goods but she did not want Germany forced into a position were she would be able to deprive England of her overseas market. The Experts' Report had this view in mind. Germany was to be revived economically by loans and could meet her reparation payments out of these loans. Hence, the pressing needs of an austerity program on the part of Germany were removed. This also fitted in nicely with British Labor Party's objective of raising the standards of working men everywhere as a program of austerity in Germany would have lowered the living standard of the German workers.

One of the questions raised by England's acceptance of the Experts' Report is, was it in line with traditional British policy? One of the objectives of British diplomacy had been to maintain an equilibrium of power and to prevent the dominance of Europe by a single power. The Experts' Report had the effect of sanctioning the revival of Germany as a counterpoise to France, then the most powerful nation on the continent. While Ramsay MacDonald often stated his distrust in the balance of powers theory, he also said in his booklet called The Foreign Policy of the Labor Party. "We cannot feel safe if any one power should be able to dominate the Continent, and we shall therefore continue to be interested in a balance of power policy".[7] With Labor supporting the Report, they were following traditional British policy.

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[7] W. Steed, "The Rise of Labor", Living Age, 320 (1924), p.397. Hereafter cited as W. Steed, "The Rise of Labor".

VI THE GENEVA PROTOCOL

The Draft Treaty of Mutual Assistance

The next problem which MacDonald had to face was that of security and disarmament. The initial attempt had been included in the Covenant of the League of Nations. The expected results had not been forthcoming. In fact, no nation, with the exception of the defeated powers, had reduced their armaments. A contemporary observer noted, "...The armed forces of Europe are slightly greater than 2,000,000 in excess of what they were in January, 1914..."[1] Therefore, various plans had been presented to gain general disarmament and security.

One of these plans, known as the Draft Treaty of Mutual Assistance, had been put forth in 1923. It was referred by the Assembly to the Governments for their opinion and its acceptance or rejection had been one of the problems which faced the First Labor Government.

The Draft Treaty[2] reaffirmed the obligations imposed by Article X of the Covenant, but it was to apply only to those States which conformed to this treaty. Aggressive war was declared an International crime and in the event of war breaking out the Council was to decide within four days which side was the aggressor. It was permissible, under this treaty, for two or more States to enter separate defensive treaties. To meet the objections of the Dominions, "No nation

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[1] E. D. Morel, in Parl. Debates, Vol. 182 (March 29, 1925), col. 298.

[2] Text to be found in International Conciliation, No. 201 (1924), pp. 360-369.

situated in a continent other than that in which the operations will take place, shall in principle, be required to co-operate..." in armed assistance.[3]

France regarded the Draft Treaty rather highly and accepted it. Its provisions which attempted to combine a general guarantee with a system of local alliances would have increased her sense of security. Many of the smaller States also expressed themselves in favor of the Treaty. The MacDonald Government rejected this Treaty. "The main objection was that it placed an emphasis upon military assistance to pre-arranged plan..."[4] In other words, Britain felt that she would have been forced away from her traditional policy of non-commitment except in areas where she was immediately concerned, that is, she would have the obligation to uphold the frontiers as laid down in the Treaty of Versailles. Also, Labor's panacea of disarmament, it was felt, would not be achieved and, in fact, "...If the obligation created by the Treaty be scrupulously carried out, they will involve an increase rather than a decrease in British armaments...."[5]

The Dominions had also disliked the Draft Treaty. As Seton-Waton has pointed out, "The apportionment of liability on continental lines cut fatally across the structure of the British Commonwealth with its world-wide responsibilities".[6] That is, some parts of the

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[3] Ibid., p.363.

[4] A. Henderson, in Parl. Debates, Vol. 182 (March 29, 1925), col. 298.

[5] J. R. MacDonald quoted by Commander E. W. Bellairs, in Parl. Debates, Vol. 182 (March 24, 1925), col. 374.

[6] R. W. Seton-Watson, Britain and the Dictators, a Survey of Post-War British Policy (N.Y., 1938), p.87.

Empire were not required to support the resistance to an aggression, while other parts may have been involved.

An attack was leveled against that article which delegated the authority to the Council to designate the aggressor within a four-day period seemed absurd to many as the question of war guilt in World War I was still being discussed ten years after its inception.

The Protocol

MacDonald, after rejecting the Draft Treaty of Mutual Assistance, had to replace it. An attempt to do this came about in September, 1924, when he and Herriot attended the fifth Assembly meeting of the League of Nations in Geneva. The two Prime Ministers had pledged their attendance in their June meeting at Chequers. As we have seen from the Anglo-French memorandum, which was issued to insure France's participation in the implementation of the Experts' Report, they were to discuss the question of security. This document continued, "They (Britain and France) are aware that public opinion requires pacification. They agree to cooperate in devising through the League of Nations or otherwise, as opportunity presents itself, means of security and to continue the consideration on the question until the problem of general security can be finally settled".[7] The task before MacDonald was to work out a compromise which would satisfy the French insistence on security and the British insistence on disarmament and be acceptable to both parties. There was a difference in these ideas

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[7] A. Chamberlain, in Parl. Debates, Vol. 182 (March 25, 1925), col. 309.

which had caused so much ill feeling between the two nations in this post-war era. When the two Socialist Premiers appeared together at the Assembly feelings had so improved that a plan embodying these two ideas seemed attainable. Their effort to effect a reconciliation is known as the Geneva Protocol, or by its more correct title, the Protocol for the Pacific Settlement of International Disputes.[8]

The main difference between the Draft Treaty of Mutual Assistance and the Geneva Protocol, was that "The Draft Treaty combined only two principles, security and disarmament. It omitted to notice the fact that nations complained of injustice and were without adequate and recognized means for expressing their claims. Thus the Protocol sought to carry matters a step forward by combining the three great principles of arbitration, security and disarmament. Therefore, arbitration is the new principle, and may be regarded as the very foundation of the structure".[9] The new principle was an attempt to improve on the Covenant and to provide additional security by the compulsory use of it. The League had not been able to eliminate completely the threat of war, but this was now attempted. The two cases which had not been covered were, first, disputes ruled to be a domestic question and second, those where the Council had failed to give unanimous judgment. Domestic disputes were to be covered, under the Ptotocol, by an article which had been introduced by the Japanese

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[8] Text to be found in International Conciliation, No. 205 (1924), pp. 533-541.

[9] A. Henderson in, Parl. Debates, Vol. 182 (March 25, 1925), col. 298-299.

delegates who did not appreciate the attitude of the Dominions toward oriental immigration. Also, under the Protocol, the second area, which had been neglected under the Covenant, was provided for by a system of arbitration.

An important part of the Geneva Protocol was the definition of a war of aggression. It also provided for the application of sanctions against the aggressor. The last part of the Protocol provided that a conference for the reduction of armaments be held in Geneva in June, 1925 providing enough States had ratified the Protocol.

It might seem elementary that a party with pacifist sentiments should attempt to secure peace for the world. But, a difficulty arises when it is realized that acceptance of the Protocol would have pledged England to economic and military sanctions. To many of the Labor Party it was probably difficult to reconcile the commitments of the Protocol with their ideas of pacifism. Two explanations can be offered, it was expected that the threat of economic sanctions would be enough to stop all potential aggressors and hence the need for military actions would never arise. Secondly, the pacifists of the Labor Party were confined to one wing while believers in collective security were to be found in another. Henderson, judging from his war-time activities in coalition cabinets, represented this latter element at Geneva and was one of the authors of the Protocol and consequently one of its staunchest supporters. MacDonald, on the other hand, who is usually associated with the Protocol felt, "There are serious problems in this Protocol but that it's a splendid foundation. The advantage of the

Protocol...is that (it) gets the nations of Europe into the habit of thinking arbitration" and given "ten years of working of the Protocol and we will have Europe with a new habit of mind...."[10]

Henderson supported the Protocol in a more direct manner, saying, "The great object of the Protocol is the prohibition of aggressive war," which it regards, "as an international crime. The Protocol provides the means whereby the risk of international conflict may be greatly diminished as a result of the settlement of international disputes by legal, peaceable and constitutional means." It aims to "deliver nations from that false, dangerous and discredited doctrine of brute force..."[11]

On October 2, 1924, the Geneva Protocol was unanimously commended to the various governments by the Assembly of the League. The fall of the MacDonald Government came before the Protocol could be discussed in Parliament.

Reasons for the Rejection of the Protocol

There was a situation created by the Geneva Protocol which would have been difficult to reconcile with Britain's traditional view of the non-permanence of treaties. It is especially difficult to see how Labor, after all its pronouncements, could have agreed to recognize the status quo. Under the Protocol a request for the revision of a treaty provision was not a dispute to which its procedures would be applicable.

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[10] J. R. MacDonald in, Parl. Debates, Vol. 182 (March 24, 1925), col. 341-345.

[11] A. Henderson in, Parl. Debates, Vol. 182 (March 24, 1925), col. 294.

This omission might have been necessary to retain the friendship of France as she and her allies regarded the maintenance of territorial settlements of 1919 as part of their plans for security. Lloyd George, who described the Protocol as "A booby-trap for Britain, baited with arbitration," said, "it is just a varient upon the policy which the French...have pressed upon us = an attempt to engage us with the whole of our strength in supporting the status quo, not merely upon the West, but upon the East as well...." [12] The latter part of this statement raised another conflict between the principles of Britain's foreign policy and the Protocol.

Austen Chamberlain has pointed out that, "Only in cases where her interests are immediately at stake and where her own safety must be directly affected by the result of any change has Great Britain ever consented to bind herself before hand to specific engagements on the continent of Europe." [13] Thus the Geneva Protocol in not allowing territorial changes would have bound Great Britain, if she had adhered to it, to maintain states which she had felt were, as far as her strategic interests had been concerned, of no importance. In 1925 Britain's strategic frontier was still the eastern boundary of France and during the whole post-war period she had refused to admit the French contention that the other boundaries of Europe should be guaranteed. Therefore, the rejection of the Protocol was compatible with traditional British policy.

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[12] Lloyd George in Parl. Debates, Vol. 182 (March 24, 1925), col. 333.

[13] A. Chamberlain, Foreign Policy, p.66.

VII GREAT BRITAIN AND THE SOVIET UNION

The Labor Party's Attitude Toward Communism

In the general election which preceded Labor's first accession to office, this new party had been branded as being the English prototype of Russian Bolshevism. Such slogans as, "A Socialist vote means a government under the Red flag," had been used against the Labor Party. There were also expressions hurled at it in an attempt to discredit, such as Lloyd George's, "Socialism has no appreciation of freedom. It is a negation of freedom. Freedom of enterprise goes, freedom of labor goes under Socialism". In reality the major portion of the Labor Party had no Communist leanings. Though there was a Left Wing group which desired more radical policies, the leaders of the 1924 Government, MacDonald, Clynes, Henderson, Snowden, were gradualists of the Webb school. As MacDonald had said, "Our Labor Movement has never had the least inclination to try short cuts to the millenium; if it had, the Russian example would have cured it."[1]

Soon after the Soviet Government had been formed, Labor's view toward Communism had been made clear. As Clynes had stated in early 1919, "I detest the idea of Bolshevism and its methods are as reprehensible to me as anything can be."[2] MacDonald had expressed similar views in his pamphlet The Foreign Policy of the Labor Party.

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[1] W. Steed, "The Rise of Labor", p.396.

[2] J. R. Clynes, in Parl. Debates, Vol. 114 (April 16, 1919), col. 3001.

The Labor Party's attitude toward Soviet Russia could have been clearly expressed by using the words Sir Edward Grey had spoken more than a decade before. In referring to Czarist Russia he had said, "Objection is taken on the ground that so long as the internal affairs of Russia do not sometimes have the approval of these who object, Russia should be kept at arm's length... The consequences of such a policy as that must be disastrous to both countries."[3]

British Intervention in Russia

After the Communists had come to peace terms with the Central Powers the British had sent forces to Russia and upon the fall of Germany the Allied forces did not leave Russia. In fact, Britain and France had increased their areas of occupation. The members of the Labor Party had been disappointed "...that British forces in Russia are not to be withdrawn, but are to be reinforced. We are told that the reason that the British Forces were sent to Russia was because it was part of our operation against Germany. That reason, however,... has passed away...."[4]

While the British has been seriously contemplating active intervention against the Soviet Union, opposition had arisen to this from the ranks of the Labor Members of Parliament. They had felt that "so far

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[3] Sir Edward Grey, Speeches on Foreign Affairs, 1904-1914 (Cambridge, Mass., 1932), pp. 93-94.

[4] W. Adamson, in Parl. Debates, Vol. 113 (March 6, 1919), col. 674.

as the form of government in Russia is concerned we have no right whatever to interfere".[5] Britain would have gone ahead with her plan to overthrow the Bolsheviks except that the troops were in no physical or psychological condition to do so. J. R. Clynes didn't think..."it fair that men who have served throughout the four or five years or war in the Eastern and Western theaters of battle should...be sent out to Russia..."[6] Therefore, a compromise plan had been adopted. The areas which Britain and France controlled in Russia became rallying points for the White armies who were supplied with munitions by the Allies.

Labor's whole attitude to this Russian adventure was summed up by Mr. William Adamson, when, in November, 1919, he had said, "...the Labor Party has been continually pressing the Government to refrain from intervention in Russia. We believe that, but for the huge financial interests that are involved, that policy would not have continued so long; we believe that our men would have been taken out of Russia long ago...."[7] Intervention had been attacked from another financial standpoint. It had been felt "If that adventure...had not been embarked upon we would at least have been able to save £100,000,000...."[8]

Trade Treaty of 1921

In February, 1920, soon after Great Britain had given her last

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[5] J. H. Thomas, in Parl. Debates, Vol. 114 (April 9, 1919), Col. 2167.

[6] J. R. Clynes, in Parl. Debates, Vol. 112 (February 12, 1919), Col. 165.

[7] W. Adamson, in Parl. Debates, Vol. 120 (November 5, 1919), Col. 1693.

[8] W. Adamson, in Parl. Debates, Vol. 123 (December 15, 1919), Col. 159.

supplies to the White Russian armies, Lloyd George reversed the previous policy of his Government and suggested that trade relations with Russia be resumed. While some opposition had been raised, mainly by those who were displeased with the Soviet Union's repudiation of all foreign debts, the Labor Party believed "...that the Prime Minister is not unjustified in his action, but that he ought to be encouraged in his action and that the Government in this matter are doing the best service both to themselves and to the people of this country."[9] In 1921 the post-war boom had run its course and unemployment had begun to rise. Trade, therefore, was essential for recovery. Britain fearful of losing the Russian trade to other nations invited a Trade Delegation to London. A trade agreement was signed in March, 1921. By it, both Britain and Russia agreed to remove "...all obstacles hitherto placed in the way of the resumption of trade..."[10] Beside this Russia had also gained de facto recognition. While the Anglo-Russian Treaty of 1921 had broken the deadlock which had existed, the expected results were not forthcoming.

Anglo-Soviet Relations, 1921-23.

On May 2, 1923, Lord Curzon, then Secretary of State For Foreign Affairs, sent a memorandum to the Soviet Union which was an indictment of Russian policy from 1921 to 1923. A principle point of this strongly-worded note stated that Russia had been "consistently and

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[9] J. H. Thomas, in Parl. Debates, Vol. 130 (June 7, 1920), col. 159.

[10] W. H. Cooke and E. P. Stickney, eds., Readings in European International Relations since 1879 (N.Y., 1931), p.856. Text pp. 855-857.

flagrantly" violating those provisions of the Anglo-Russian Trade Treaty by which both nations were to refrain from hostile action or propaganda. On this one point only, of the entire memorandum, MacDonald felt that the Government had a legitimate protest. The remainder of the note included a denunciation of the Soviet treatment of British subjects, interference with British fishing trawlers and the deliberate campaign undertaken "...with the definite object of destroying all religion in Russia..."[11] MacDonald replied to these charges by calling attention to the fact that the case of fishing trawlers was not unique to the Soviet government, but had been prevalent under the Czarist regime. He also gave evidence that the Communists were permitting Church services to a great extent.[12] Arthur Ponsonby followed up MacDonald's speech by saying that the subjects covered by the Curzon Memorandum would not have occured or would have been quickly brought to Russian attention and ameliorated if full diplomatic relations were opened with this nation.

Anglo-Soviet relations remained in a precarious position until the general election of December, 1923, as a result of which Labor was able to form a Government.

De Jure Recognition

The Labor Party had been consistently advocating de jure recognition

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[11] Ibid. p.864. Text pp.859-66.

[12] J. R. MacDonald, in Parl. Debates, Vol. 164 (May 15, 1923), col. 283.

of Russia. They had been demanding this from the time that the Soviets had shown that they were masters of the destiny of Russia. This form of recognition had been one of the election planks which had helped to bring Labor into office.

The days which intervened between the election and the taking office were the occasion of important talks and conversations, as even in the ranks of Labor some opposition to recognition had arisen from the treatment the Mensheviks and the Social Revolutionaries had received at the hands of the Bolsheviks. Such important Labor Members as Snowden were in this group of opposition. This had to be overcome.

MacDonald, on February 1, 1924, a few days after taking office, sent a telegram to Moscow which gave recognition to the Union of Soviet Socialist Republics as the 'rulers of the old Russian Empire which acknowledged their authority'. At last, after almost seven years, diplomatic relations, which had been severed with Russia, were restored. Russia would be able to maintain diplomatic representatives in Britain as well as the trade delegation which had been authorized by the Trade Agreement of 1921. Recognition, while it was unconditional, also stipulated mutual non-interference in internal affairs and made mention of the problem of debts and credits. Ambassadors, however, were not appointed which had the effect of detracting from the move of recognition. The two nations were, therefore, to be represented by charges d'affaires. Soviet Russia appointed Christian Rakovsky and Britain R. M. Hodgson, who had been Britain's representative with Admiral Kolchak.

Recognition, while it was not received with overwhelming approval, neither was it regarded by the majority, as Curzon called it, "a grave mistake". It was accepted by all the parties with the hope that it would do something to stimulate British trade, for which reason the majority of the nation accepted it. They were able to reconcile themselves to this move by realizing that Britain had recognized governments in the past which were not appreciated and that recognition in no way implies approval. That is, while Russia's new form of government may have created obstacles in the path to friendship it should in no way prevent cooperation in international relations. Clynes, two weeks before recognition came, expressed the feelings of the Labor Party and also that of a major portion of the population of England when he said, "Is it that we do not need the trade which full diplomatic relations with Russia might well afford? Certainly we do need it, for our difficulties in regard to economics and trading conditions are such that we cannot afford not to trade even with an avowed enemy, should anybody class Russia in that category".[13]

MacDonald stated his reasons for recognition in Parliament when he said,

...as Foreign Minister I recognized Russia without delay, and with the full approval of the Government. The point of view I took was this: I want to settle all the outstanding points between Russia and ourselves...

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[13] J. R. Clynes, in Parl. Debates, Vol. 169 (January 17, 1924), col. 303.

If any Foreign Secretary tried to settle those questions with a representative of Russia who was not even a charges d'affaires he never would settle them. The preliminary for settlement was recognition. Therefore, I recommend the Cabinet to recognize Russia and that was done.[14]

To facilitate the settlements of these problems, Soviet Russia was invited to send a delegate to London to draw up the preliminary basis of a complete treaty. The invitation was accepted and the conference was opened on April 14, 1924 at the British Foreign Office in London. The ensuing negotiations were chiefly conducted by Arthur Ponsonby for Britain and Mr. Rakovsky for Russia.

Anglo-Soviet Treaties of 1924[15]

An already complicated situation was further complicated when, on the opening day of the Conference, a memorandum was submitted to the British Government and to the press by some of the leading bankers of England. They demanding that Russia meet certain conditions as a prelude to negotiations. The English bankers desired "that an equitable restitution of private property to foreigners be made...", a demand which Russia had previously rejected and which would require long and protracted negotiations. The bankers also asked for certain extraterritorial rights. The Soviet Government could not have accepted this as it would have meant an acknowledgment of inferiority. Another demand which Russia could not possibly have met was that British

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[14] J. R. MacDonald, in Parl Debates, Vol. 169 (February 12, 1924), col. 768.

[15] Text in Nation, Vol. 119 (September 10, 1924), pp. 269-272.

business concerns be able to deal freely with the banks, mercantile establishments and industry of Russia. This was a request that Russia abandon a basic principle of the Soviet theory of government - monopoly of foreign trade.[16] By these demands the bankers of England - the men who were expected to raise the loan upon which the treaties were dependent - showed their hostility against Soviet Russia.

MacDonald opened the Conference and in an address to the Soviet delegates made his position clear. "In the course of your revolution", he stated, "you resorted to methods which aroused the utmost fear and resentment... Your method of government is not the same as ours. The fundamental points of distinction have been well brought out since you left Moscow, I believe, in a diatribe directed against myself by Zinovieff".[17] The Conference's early sessions were devoted to discussions on previous treaties, which were then in effect, and those which had run their course.

A commercial treaty was drawn up. Britain received unconditional 'most-favored nation' treatment for her goods, and in return Russia was admitted into Britain's Export Credit Scheme. Another part of this treaty took into account the Soviet Union's monopoly of foreign trade and therefore diplomatic immunity was granted to members of trade delegations.

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[16] Louis Fischer, The Soviets in World Affairs. A History of Relations between the Soviet Union and the Rest of the World (N.Y. 1930), Vol. II, p.474.

[17] A. Willert, Aspects of British Foreign Policy, p.117.

Work on a general treaty was also begun. A clause regarding propaganda, similar to the propaganda clause in the Trade Agreements of 1921, was inserted. "In some respects it was even more severe"[18] than that one.

On May 15, the sessions turned to the outstanding problems between Russia and Britain. Debts and counter-claims, arising from the Intervention, were discussed first. The Russian delegation's contention was that part of the British claims, those of war debts, had to be connected with the Russian counter-claims. The Soviet case was based primarily on the judgments growing out of the Alabama Claims. The Treaty took these claims into consideration but no definite amounts were stated in it. It was decided that "...debts and interventionist claims are to be set aside in Article 9, for the time being...."[19] It seemed that England and Russia came to an understanding that interventionist claims would not completely write off war debts but the debts were to be scaled down.[20]

In the latter part of May, expropriated private property and repudiated debts came under discussion. While the Soviet contention was that nationalization and repudiation as a result of revolution is legal, they realized that concessions were necessary in order to reach an agreement. They naturally desired to have the amount kept at a

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[18] A. Ponsonby, in Parl. Debates, Vol. 176 (August 6, 1924), col. 3019.

[19] Ibid.

[20] Lloyd George was able to gain this information by chiding Ponsonby in debate on the Treaties and the latter inadvertently supplied him with the information.

minimum, while the British claimants desired the maximum amount. Difficulties would have been encountered which would have delayed the Treaty. Therefore, on negotiations of this class of debts, as Ponsonby said, "The principle that we have adopted in this treaty has been not to attempt to reach a settlement in figures on these claims but rather to get a decision in principle and to get machinery set up with a view of reaching the necessary settlement."[21] That is, it was decided to agreeat a later date.

The next issue which had to be faced was that of a guaranteed loan to Russia. The Labor Government's opinion was divided. Their original position was stated in a Foreign Office communique of May 20, 1924, which said, "...it should be understood at once that any assistance which the British Government could give towards the floating of a loan would of necessity be very much limited and that there could be no question of any Government guarantee...."[22] Until near the end of the Conference this was the Labor Government's attitude. As late as June 30, after negotiations had been under way for more than two months, MacDonald, when questioned on the subject of guaranteeing a loan, referred his interrogator to a previous negative answer. What could have caused the Government to change its position after being so definite upon it?

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[21] A. Ponsonby, in Parl. Debates, Vol. 176 (Aug. 6, 1924), col. 3017.

[22] R. J. McNeill, in Parl. Debates, Vol. 176 (Aug. 6, 1924), col. 3026.

The MacDonald Government undoubtedly realized that the Soviet Government had entered negotiations with the loan as a sine qua non. The proposed loan, if and when it would come, would have to be raised by the British bankers. Their attitude, which had been shown on the first day of the Conference, was decidedly hostile to Russia. They feared that these proposed loans would receive the same treatment as previous loans had received. Therefore, in order to save the whole treaty, it was decided to guarantee a loan. It was suggested that the 'Left-Wing' element of the Labor Party, usually the Trades Union Members, had influenced the leaders of the Government to make this decision. Ponsonby tried to belittle their influence by saying, "I am rather tired of hearing the arguments of the Back Benchers, because such pressure was simply non-existent. That guaranteed loan was settled between myself and the Prime Minister."[23] But, if pressure had not been brought to bear on Ponsonby by the Trades Unions, then it was certainly brought on MacDonald and the rest of the Cabinet as these Members felt that the Treaty was necessary for trade and the increase of trade would help solve the unemployment problem. Therefore, they felt that if the guarantee was necessary, it should be given.

Even after it had been decided to give the guarantee, there was still one more stumbling block which would threaten negotiations. This block was that of the claims of the bond-holders. An attempt was made by the Russian delegation to come to an agreement with the large bond-holders. They offered to pay off fifty per-cent. of the bonds as the

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[23] A. Ponsonby, in Parl. Debates, Vol. 179 (December 15, 1924), col. 715.

delegation felt that the seceding States of Poland, the Baltic States and Finland ought to pay the other half. Soviet Russia would then have paid off this amount over a fifty year period. As an alternative they offered a cash settlement of one half of this amount, that is, twenty-five per-cent. of the original debt. This offer, however, was not taken up by the bond-holders.[24]

Negotiations had apparently reached a statemate as on August 5, the Foreign Office was forced to issue a communique[s] which stated, "As the Soviet Delegation was unable to accept the amendments and concessions offered in regard to Article 14, of the Draft Treaty, no agreement was reached, negotiations broke down, and the Treaty will not be signed".[25] But after hurried negotiations the Treaty was agreed to on the following afternoon. The decision was made for the bonds to be treated in a manner similar to the private debts. That is, the final settlement was postponed but the idea of "...getting admissions of liability, and getting rid of the repudiations..."[26] was retained.

In the debates which took place on August 6 and 7, the Liberals joined with the Conservatives in attacking the Anglo-Russian Treaties. The article which gave the guaranteed loan came in for particularly heavy attack. It was difficult for the opponents of the Treaties to see how a loan to Russia would be of any advantage to Britain and why

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[24] Lieut.-Commander Kenworthy, in Parl. Debates, Vol. 176 (August 6, 1924), col. 3048.

[25] R. J. McNeill, in Parl. Debates, Vol. 176 (August 6, 1924), col. 3028.

[26] A. Ponsonby, in Parl. Debates, Vol. 175 (July 7, 1924), col. 1918.

a loan should be given to a nation which had repudiated its debts. On the seventh of August the House of Commons adjourned until September 30. The Treaties were signed the following day but they could not be ratified until they had been in the House for twenty-one Parliamentary days. It was during this recess period that opposition to the Treaties crystallized. Opinion in commercial circles was almost unanimously hostile. When the Liberals revolted against their position as Labor's silent partner, the fate of the Russian Treaties and the Labor Government was sealed.

The Zinovieff Letter

On October 9 the Labor Government was defeated. The Conservatives and Liberals entered a motion of censure on the withdrawal of the Government's charges against James Campbell. Campbell, while temporary editor of the Communist Worker's Weekly, had published writings which would have had the tendency to incite the Army and Navy to mutiny. The Campbell Case was a convenient excuse to bring to an end the Government which had brought the Anglo-Russian Treaties into existence. A general election was to be held on October 29, 1924.

In the midst of this election campaign a letter was published which was purported to have been written by Zinovieff, the President of the Third International.[27] The letter not only gave instructions to the

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[27] The Third International, or the Comintern, had been founded in 1919 by the Communist leaders to facilitate the carrying on of propaganda and to hasten the world proletarian revolution. The Soviet Government disclaimed any control over the International but members of the Government (Zinovieff was a member of the Politburo) held posts in it and it was liberally subsidized by the Soviet Government. The Labor Party did not believe the International independent of the Soviet Government's control.

British Communists "to stir up the masses of the British Proletariat" and to form "cells in all units of troops" but also to work for the ratification of the Anglo-Soviet Treaties. On these the letter said, "It is imperative that the group in the Labor Party sympathizing with the Treaties should bring increased pressure to bear upon the Government and Parliamentary circles in favor of the ratification of the Treaty".[28] The material covered in this letter had been covered in notes, letters, and speeches which had previously emanated from Moscow and the ideas of world revolution were entirely in keeping with Zinovieff's plans. It was the circumstances involved and the time of publication which made the letter such an important document.

A copy of the letter had been received by the Foreign Office. A newspaper had obtained a similar copy. The Foreign Office was forced to publish the letter in order to protect itself from the attack that it knew was to be made upon it through the Daily Mail and other newspapers. The Conservatives charged that the letter had been held up by the Foreign Office at MacDonald's behest and would never have been published except that it was known that the newspapers would have published it. In reality, the Foreign Office had had the letter only a short time. The publication of it was delayed as MacDonald was in the midst of a vigorous election campaign and much time was consummed in the exchange of notes between the Foreign Office and himself.

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[28] A. Baltzly and A. Salomone, Readings, pp. 157-158.

MacDonald committed an indiscretion by sending a note to Rakovsky, the Russian chargé d' affaires complaining of the Zinovieff Letter in strong terms. This was interpreted by MacDonald's political opponents as a verification of its authenticity.

The Labor Party, however, was not sure whether its copy was authentic and therefore, an inquiry was instituted. But Labor had only a few days left in office and were not able to reach a conclusion. The Baldwin Government which followed had the letter investigated by a sub-committee of the Cabinet which reported their belief that the letter was genuine. Labor was not satisfied and attempted on several occasions to have a full investigation made but were defeated on their motions.

The public did not accept Labor's explanation that it was an electioneering trick. The Conservatives were able to 'reap the harvest'. Many voters who ordinarily did not exercise their privilege or who had previously voted Liberal, supported the Conservatives who won the election. All chance of ratification of the Anglo-Russian Treaties was destroyed. Austin Chamberlain, MacDonald's successor as Foreign Minister, did not feel that the British Government was able to recommend the Treaties to Parliament and they were allowed to lapse.

VIII CONCLUSION AND ESTIMATE OF THE FIRST LABOR GOVERNMENT

The first Labor Government lasted only ten months. When it came into office there were questions in the minds of many Britishers as to what would be its policies in foreign affairs. Would the doctrinaires invoke a new type of diplomacy which would be counter to Britain's traditional aims and methods? Also, how would a Government, whose members had little or no official experience, act?

When Labor left office in October a portion of the people would probably have felt that Labor had served the nation poorly. But, when the feelings which were aroused by the Zinovieff Letter had abated and reflection was based on sound judgment, it would probably be agreed that this new Party had been extremely successful in foreign affairs. Even with the damage done by the Zinovieff Letter to Labor's chances of returning to office, and it is estimated that it cost them forty seats, they were still able to obtain more than a million votes over the previous election. This was certainly no repudiation of Labor's foreign policy. The Party had been able to bring about a rapprochement with France, had temporarily settled the reparations questions, and had attempted to bring security to Europe and to open negotiations and begin cooperation with Russia.

The first Labor Government, with its vast accomplishments in foreign relations, followed rather closely the traditional aims and methods of their attainment. No radical or revolutionary departures were made. It is more likely that the realization that they were a minority Government, dependent upon the sufferance of the Liberals, had

a salutary effect. Holding the affairs of State for this nation must have been a rather sobering experience. That is, formulating doctrines out of office is one thing and attempting to have them fit the needs of the nation while in office is yet another. Very probably the idea of tradition had an effect. In a nation such as Great Britain it is very difficult not to become steeped in tradition and most likely Labor was so affected by it.

The best example of Labor following the traditional methods in attaining the aims of British policy was that of putting the Experts' Plan into operation. Knowingly or not, it was an attempt to revive the equilibrium of power. But in the end, the idea that France and her allies would equal Germany, was fallacious.

Labor's initial success was bettering the relations between Britain and France. The Conservatives maintained that a rapprochement had already begun to take place between Great Britain and France. Their contention was that Curzon had already begun this when he had gotten France to disavow the Separatists and that MacDonald undeservedly received the credit for bringing reconciliation. In reality Europe was ready for a pacification. Germany, at the time of the Ruhr Invasion, had seen what France could do and France in return had seen her anti-German policy hurt herself economically. It was necessary though, to have the correct persons in office to bring the desired reconciliation to its fruitation. If Curzon and Poincare' had remained as leaders of Britain and France, the rapprochement would not have been as complete as it was under MacDonald and Herriot. While MacDonald had a goodly amount of success in dealing with Poincare', his policies were furthered by Poincare's defeat and Herriot's victory.

The Labor Party had various factions within itself. The Leaders of this first Government were, as a group, from the more conservative rather than from the 'Left-Wing' group. Clashes occurred between these factions. They were particularly evident in relations with Russia. Arthur Ponsonby complained, "I have to steer between those who regard the Bolsheviks, in all that they do, feel, or think, as saints and those who regard the Bolsheviks in every aspect, at home and abroad, as bloody murderers"[1]. Both of these extremes of opinion, which the Under Secretary mentions, were to be found within the Party.

The Labor Government, in their Russian relations seemingly failed to take into full account the feeling of a major portion of British opinion and the British attitude toward that nation. People in business and industry simply abhorred the Russian-Communist State and raised their voices, which carried authority, and were able to frustrate Labor's attempted reconciliation and was the cause for Labor's defeat.

An important accomplishment of this Government of MacDonald, was to bring much respect to Labor, especially from a nation like the United States which had had a very poor opinion of a government which would be formed by a Socialist group. MacDonald, before entering office, had assured these nations that the character of his policy would be carried out on a high plane, which it was. At home, MacDonald's Government had conducted itself so well that the formation of future Labor Governments was assured, one in 1929 and a third, the first that was a majority Government, in 1945.

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[1] A. Ponsonby in Parl. Debates, Vol. 176 (Aug. 6, 1924) col. 3017.

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