

*Revised*

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MEMORANDUM ON REPARATIONS AND THE  
OCCUPATION OF THE RUHR.

1. The present situation in Europe is incomparably the gravest that has arisen since the Armistice. There can be no doubt that recent events in the Ruhr would have resulted in war but for the fact that Germany is disarmed. There is only too much reason to fear that they may have made war in the future almost inevitable. Both the French and German nations are now in the psychological state of belligerents, and both have ceased to count the cost of the course of action they are pursuing. Since this cost will be borne, not by themselves alone, but by Europe as a whole, it is evident that the moment for energetic intervention between the parties has arrived.

2. It is difficult to see, however, from what quarter a successful intervention could be made. It would probably be useless for any of the Principal Allies of France to attempt it. Belgium is evidently unable to do so. If Italy were to try, the change from her previous attitude which this would mean, would evoke bitter hostility in France. French opinion is already so hostile to Great Britain that British action would be equally unlikely to meet with approval. Japan is too far away for a Japanese initiative to command support.

On the other hand, if Germany were to make an appeal for outside intervention, this would only prejudice the chances of success in France. Since there is reason to think that the Germans are contemplating some such move as this in the near future, it is the more desirable for intervention to come spontaneously from another quarter.

3. Since also it cannot be hoped that America will take the responsibility of an initiative, it appears that intervention can only come from the powers who were neutral during the late war, working perhaps with some of the other smaller powers. If these powers were able to act as a group there is no doubt that their action would have greater chances of success than any other which could be hoped for. Action by one power would be unlikely to succeed. The

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more that can be induced to act together the better. If it were possible to secure the cooperation of six or seven governments the parties to the dispute would be obliged to treat such a group with due respect.

4. In any intervention between the parties to the Reparations dispute the intervening powers would have to explain that they did so on account of the damage which is being done to their own national economic and political interests. They would have to set forth the facts that the economic life of their countries was being seriously affected by the present stoppage of international commerce and the disastrous instability of the exchanges; that their peoples are suffering greatly from unemployment, high taxation, and high cost of living; and that in their view the political stability of the continent of Europe, and therefore of their own governments, is menaced by any events which may lead to war now or in the future.

5. They would at the same time have to explain that they are in entire agreement with the signatories to the Treaty of Versailles as to the principle of Reparations, and that in their view the peace of Europe can only be founded on some settlement which will secure for France and Belgium the effective restoration of the areas which were devastated by the German armies during the war. They should also express their readiness to discuss any proposals for increasing the security of France and Belgium.

6. On the strength of the above motives for action the intervening powers should explain their conviction that a full and frank international discussion of the whole question of reparations, debts, and security, in which all the Powers directly and indirectly concerned should take part, is immediately essential if disaster is to be avoided. On this ground they should say that they desired to exercise their rights under Article <sup>11</sup>~~XI~~ of the Covenant, and to request the Council of the League at a meeting specially summoned for the purpose, to deal with these questions as a matter which affects the peace of the world, and the good understanding between nations

on which peace depends.

In order to show that they are resolutely determined to secure a discussion that will lead to a settlement the intervening powers should indicate that if the Council does not feel able to act in accordance with their suggestion they propose to demand a special meeting of the Assembly for the purpose.

15th February, 1923