

MEMORANDUM OF INFORMATION

25

ON

FOREIGN AFFAIRS AND THE WORLD CRISIS

NOTE

We regret the delay in mailing this issue of the Memorandum. It is again due to circumstances beyond our control with which we are sure our subscribers are familiar, such as the difficulty of relying upon sea-borne and air mail. Every effort will be made to maintain our service as regularly as possible.

Our circulation in Canada and the United States has been steadily increasing, particularly of late. We are anxious to build it up further, and shall be grateful if any of our readers with friends in Canada and the United States would care to put us in touch with them. Not only do a growing number of people evidently find the Memorandum useful, but it is a valuable, if small, export, providing dollars which we need. As the American edition is printed in Canada, the gain is obviously net.

Many people in Canada and the United States are glad to have a monthly review of the situation, which is notably outspoken, and sets out both the good and the bad facts. Judging from the letters we receive, this is the best possible way of presenting the British case. If, then, any of our readers at home can put us in touch with friends in America, it will be helpful.

KENNETH DE COURCY.

Editor.

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IMPERIAL POLICY GROUP

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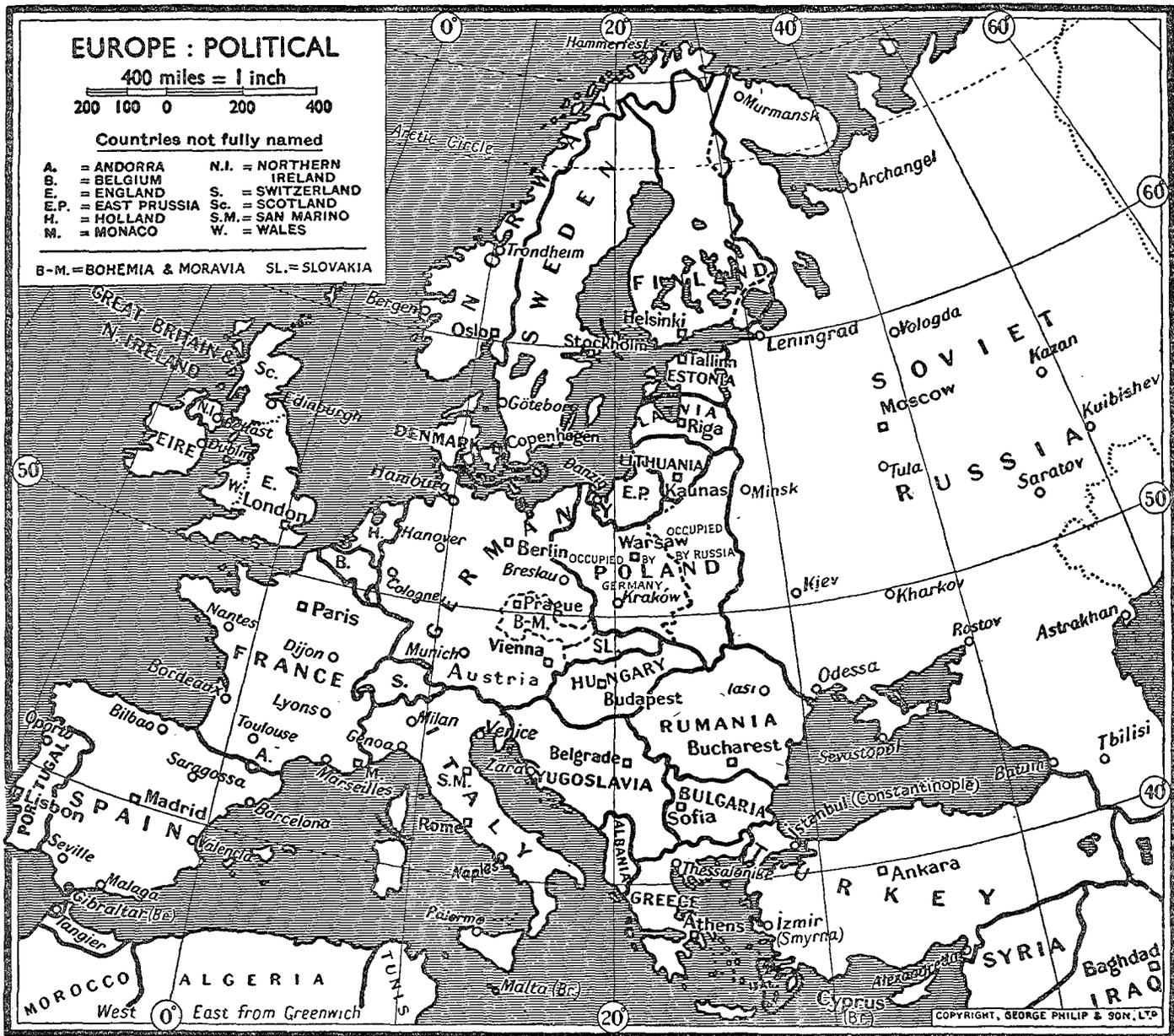
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MEMORANDUM OF INFORMATION



THE CONFLICT

In the conclusion to his book, "The Twenty Years Crisis," Professor E. H. Carr, observes:—

"The interlude of 1918, when nationalism momentarily resumed its disintegrating rôle, proved—at any rate in Europe—a dangerous fiasco. The multiplication of economic units added disastrously to the problems of the post-war period. Naumann in his "Mittel Europa," proved a surer prophet than Woodrow Wilson with his principle of self-determination. The victors of 1918 'lost the peace' in Central Europe, because they continued to pursue a principle of political and economic disintegration in an age which calls for larger and larger units. The process of disintegration still continues. The more autarchy is regarded as the goal, the larger the units must become. The United States strengthened their hold over the American continents. Great Britain creates a 'sterling bloc' and lays the foundations of a closed economic system. Germany reconstitutes Mittel Europa, and presses forward into the Balkans. Soviet Russia develops its vast territories in a compact unit of industrial and agricultural production. Japan attempts the creation of a new unit of 'Eastern Asia' under Japanese domination. Such is the trend towards the concentration of political and economic power in the hands of six or seven highly organised units round which lesser satellite units revolve without any appreciable independent motive of their own"

Professor Carr on Economic Tendencies

These developments are pressing hard. On our side, Britain and the United States are being forced to weld the Dollar and Sterling systems into one immense economic unit. The process is sometimes almost imperceptible, but the tendency is distinct. Already, in both the military and political spheres there is a complementary deepening of mutual interests and a progressive closing of the gap. If the war brings forth no more than this alone, we shall have achieved one of the most important developments in the history of international relations.

The Sterling-Dollar Unit

Professor Carr recalls the words of Lord (then Mr.) Baldwin, spoken in 1935:—

". . . I have always believed that the greatest security against war in any part of the world, in Europe, in the East, anywhere, would be the closer collaboration of the British Empire with the United States of America. The combined powers of the navies, the potential man-power, the immediate economic blockade and refusal to trade or lend money, would be a sanction that no Power on earth, however strong, dare face. It may be 100 years before that desirable end may be attained. It may never come to pass; but sometimes we may have our dreams. I look forward to the future and I see that union of forces for peace and justice in the world, and I cannot but think, even if men cannot advocate it openly yet, that some day and some time those who follow us may see it and know that the peace of the world is guaranteed by those who speak our tongue"

Mr. Baldwin on the greatest security against war

Many decades before, in 1863, during the critical moment of the Civil War, Disraeli spoke prophetic words:—

"There is a grave misapprehension, both in the ranks of Her Majesty's Government and of Her Majesty's Opposition, as to what constitutes the true meaning of the American democracy. The American democracy is not made up of the scum of the great industrial cities of the United States, nor of an exhausted middle-class that speculates in stocks and calls that progress. The American democracy is made up of something far more stable, that may ultimately decide the fate of the two Americas and of Europe"

Disraeli and the American Democracy

Disraeli was so right in foreseeing that the initiative would rest with America. It does. Britain has long been prepared for the fullest collaboration and would willingly clear away the last obstacles on her side, which still to some extent hamper co-operation in its most complete form.

Complete Anglo-American co-operation

In that remarkable book, "Sea Power," written by a distinguished expert on strategy, who has sought anonymity under the pen-name of "T.124," are recalled Napoleon's words at St. Helena:—

Napoleon's statement

". . . England can never be a Continental Power, and in the attempt must be ruined. Let her stick to the sovereignty of the seas, and she can send her ambassadors to the Courts of Europe and demand what she pleases"

If that statement was true then, of Britain alone, how much truer would it be now of the English-speaking world working in concert, commanding superior sea and air power, with the main sources of supply beyond the range of bombing aircraft based upon the Continent. No matter then what transitory successes the revisionist Powers gain. For if the United States and Britain follow the same path, pursue parallel policies, and together command the oceans, then the ultimate issue will remain secure.

While the inexorable tide of world affairs is sweeping Britain and America into this new collaboration, on the other side pressure of events is forcing Hitler into ever closer contact with his associates. The German leader is exerting every effort, and is using every ounce of influence he

Hitler at work on the New Order

policy in this respect last month. Every diplomatic and military event has been calculated, though sometimes rather badly, to assist that policy. We shall presently examine the further developments which have occurred. Before doing so, however, we must revert for a moment to the general problem as it is seen by Professor Carr.

Revolution
v.
Evolution

The trouble is that the aggressive foreign policies which are part and parcel of the revolutionary order now prevailing in so many lands, have got thoroughly mixed up with what may well be the natural and, therefore, inevitable evolution of international economic relations. This has come about partly because the revolutionaries seized upon these tendencies and, soon, pretending they had originated them, tried to make them their own exclusive achievement. War has also come about, because such radical changes taking place in so many different spheres in so short a time, already contained the seeds of an armed conflict.

An
important
question

We have to consider what our policy is to be. Apart from opposing the aggression, is it to allow these developments to continue unhindered, and in the hope that when the cycle is complete they will bring us back to a world system of freer trade based upon a more equitable standard of living between the nations? Or is it to put the clock back to what Professor Carr calls "the interlude of 1918?" Or have we some quite new system of our own which we mean to offer the world?

Giving the
clock a
mainspring

In its simplest form our aim is to induce those who live outside the Anglo-American orbit, to abandon their aggressions and choose more lawful paths. Can this aggressive spirit be rooted out of the "new order" without what is valuable in that system being destroyed? If not, with what do we mean to replace it? To these questions we must find an answer. The theme of German propoganda is that Britain, a jealous, fearful, plutocracy, continues a purely destructive war in order to regain an easy-going economic and political hegemony, which provides a comfortable livelihood for a limited class. That is the theme of a story told far and wide. It is of vital importance that we should answer it. We must show that our purpose is not destructive, that far from standing in the way of modern economic development, we are in the forefront of the progressives. That our object is not to put the clock back, but to keep it on time by giving it a stronger main-spring.

Vested
interest in
the new
Europe

These questions cannot be swept aside; nor will a vague answer suffice. The simple man, wherever he may live, is ever searching for social security, and in times like these with many bleak experiences behind him, he will accept a very meagre degree of it, rather than abandon himself once again to the uncertain tides of political change. Consequently, quite a number of men and women throughout Europe are now finding some niche in the new order, and are acquiring a vested interest in it. Secretly, they may regret having been driven to such a pass. They may still hope for something better. But they will never risk positive action against the new regime while its flame is still burning so brightly, unless they have a very clear picture of a reasonable alternative, and a thorough conviction that it is attainable.

Awareness
of German
leaders

Of all these factors the German leaders are fully conscious. It is their trade to be so. It is their grasp of these questions which partly accounts for their rise to power, and their recent successes. We have given far too little attention to these vital matters, perhaps crediting the average European with too much spirit.

The spread
of new
philosophies

We are not taking sufficient account of the alarming rate at which the new philosophies are spreading, not only upon the Continent, but elsewhere. The great masses which live far from British influence, and close to the great revolutionary Powers, have heard a long story of Allied reverses. They know little or nothing of high strategical theory, based upon the ultimate influence of sea power. It is hardly surprising that the tearing, raging, tempestuous forces, which have swept the great Powers into their present courses, are also influencing the smaller nations to a disquieting extent. There are millions in Europe who subconsciously crave for a return to the kindlier ways and happier times, and who believe that one day, when an Allied victory is achieved, things will be better. But their thoughts are unformed, and their sentiments vague. There is little in such a spiritless outlook from which we can hope to profit. If we are to succeed in our purpose we must create something far more than a half-hearted hope.

GERMANY'S DIPLOMATIC AND MILITARY PLANS

Hitler's
immediate
aim

We insisted, in the last issue, and have done so again in this one, that Hitler's immediate aim is now to consolidate his work, and force the British Commonwealth into recognition of a *fait accompli* on terms which exclude British and American influence from the spheres claimed by Germany, Italy, Russia and Japan. Having failed to bring about the early defeat of Britain, rather than run the risk of prolonging the present war, he is prepared to abandon for the present his wider aims. It cannot be too much stressed, however, that there is no reason at all to believe that he no longer harbours ambitions far beyond those with which he is prepared to content himself just now. That, as we observed last month, is quite another story. What we are concerned with is to present a picture of German diplomatic and military plans in the present phase,

That is his rule. But upon important occasions he has departed from it, risking all in a higher gamble. Why is this? If good intelligence does not lie, Hitler is at times beset with the fear of an early death. In moments of stress the premonition becomes stronger. Then there are the horoscopes—always the horoscopes—for the German dictator is much under the influence of soothsayers. Again, if report does not lie, their gazings tell him of unparalleled successes, swift victories and great power—but only at the first—then there is a clouding, of which he has never been given any satisfactory explanation, only a jumble of ambiguous explanations. The necromancers have served him well—but not well enough. There is in his mind this terrible doubt as to the end.

These fears, and his uncertain temperament, are undoubtedly responsible for his occasional, though shattering departures from pre-conceived plans. We suspect that upon at least one historic occasion his abandonment of the cautious, for the spectacular, has, humanly speaking, sown the seeds of eventual failure. Its consummation may be long in coming. We may have to go through many phases. We are thinking of the ultimate issue.

The seeds of disaster

When Mr. Chamberlain arrived at Godesberg, he came to concede all the demands made at Berchtesgaden. Hitler rejected the offer, and asked for more. Then it was that the Munich crisis proper arose. Hitler gained his point, and many thought his success complete. Historians may well recount however that it was the critical days between Godesberg and Munich that really awoke the British public to the deadly peril. If the business had been settled at Godesberg on the Berchtesgaden terms, the Czech crisis would have meant little to the public as a whole. It may well be that the shock of those critical days did far more to stir the British Empire to the dangers of disarmament than any other single factor in the whole world crisis. If Hitler had gained all he desired without a crisis of such magnitude, the British people might never have awakened to the defenceless condition of our Empire.

His big mistake

This is no digression, for Hitler's habit of suddenly casting aside a plan which has been worked out almost to the last letter, and is at the point of fruition, may well come into play again. Therefore as a factor we must take it into the fullest account just now.

An important factor

The Greco-Italian war broke out as the last Memorandum was being finally redrafted. It has brought very important new factors upon the scene. First, there is once again a theatre of operations upon the European Continent—a fact which ought, and must, be turned to good account. Secondly, control of one of the most important strategic positions in the world is at stake. Thirdly, the campaign is being watched throughout the world as the supreme test of the Allies' ability to regain the initiative, and launch offensive action against the Axis. Fourthly, its prosecution and consequences is testing the policies of two important neutrals, namely, Russia and Turkey. Fifthly, it is dragging Mussolini even deeper into Hitler's debt than he has been heretofore, and thus facilitating, in one respect, a Franco-German settlement, for Italy's claims have always been one of the greatest problems. Finally, and perhaps most important of all, it is helping to keep the European situation fluid, which at least for the present, is a disadvantage to Hitler and a help to the Allies.

The Greco-Italian conflict

First-rate though the Greek performance has been, we must not yet indulge in unconditional optimism about the final outcome. The resources of Greece are strictly limited. At any moment the Germans may intervene, or Italy—pulling herself together—may cast much greater forces into the scales. The campaign, however, is taking place in an area where only a limited number of troops can be deployed. This is a case where the Axis cannot so directly benefit from their numerical superiority on land as in the wider fields of conflict. Given stout-hearted troops with adequate reinforcements and reserves, and a steady flow of equipment, it ought to be possible to keep up a very effective action for a considerable time, but this will depend upon the Greeks being thoroughly strengthened, not least in the air. The problem is how to provide this support without unduly weakening the position in Egypt.

Some factors to be considered

The Greek campaign offers the chief—some believe the only—chance the Allies have of preventing the virtual sealing up of Europe by the Axis partners and their associates, against everything except the effects of the naval blockade and bombing. The importance of Greece, therefore, can hardly be over-rated.

A Vital Flank

When we last went to press Hitler had just completed his personal conversations with Marshal Petain and General Franco, and had visited Florence on his way back to Germany. The outbreak of the Greco-Italian war and the failure of any outwardly spectacular developments in the policies of France and Spain, led to widespread speculation as to the real diplomatic position in which Germany then found herself. There are those who believed that Hitler's conversations with Marshal Petain were primarily concerned with a liberal settlement with the Vichy Government in return for the entry of France into the war on Germany's side. Some also believed that the discussions with Franco were chiefly concerned with the request for the passage of German troops through Spain. In fact, the conversations primarily dealt with wider European issues. In so far as military matters were considered, it was only in the sense of providing

Diplomatic Conversations