

● PSF: Germany: Dodd 1933-35

THE PROBLEM OF REVISION

The position of authority and detachment which LORD GREY of FALLODON holds in British public life gives peculiar importance to his rare political utterances, especially when they cover the field of foreign affairs, in which his own great reputation was made. It may be hoped therefore that the words which he used about Germany in his speech to the Liberal Council yesterday will be understood in that country to be representative of the greater part of public opinion in Great Britain, and will be studied and pondered not only by the German Government but also by the German public, from whom so much salutary truth is nowadays carefully concealed. He spoke of the considerable good will for the German Republic which had been built up gradually in this country during the last decade, how violently that feeling had been shocked during the last few weeks, and how rapidly sympathy had been transformed into mistrust. He summed up the cause of that mistrust in a single phrase. "The feeling has grown, apparently throughout Germany," he said, "that might is right and that all means are legitimate." He was referring to the measures which the Nazi Government has taken for the "nationalization" of Germany internally. But clearly he felt, as so many others have regretfully come to believe during these weeks of "Counter-Revolution," that there has been no real change of heart in Germany since 1914; and that the same abominable philosophy of force, now being exultantly applied at home, would once more be introduced into the conduct of foreign policy. Germany in a position to do so. Fortunately the rest of the world she is not. "The great security for peace at the present moment," LORD GREY said truthfully, "is that Germany is not armed and not in a position to go to war."

It is a terrible indictment; and, if it were the whole truth, it would imply that no other chance of peace lay before Europe than that Germany should be indefinitely intimidated by the possession of superior force by other countries, and particularly by her neighbours. After the experience of the last ten years it would not be sufficient to wait for the restoration of a moderate Government in Berlin. For what guarantee could there be that another "Counter-Revolution" might not make an end of it, and once more drill the country into armed nationalism? Germany is what her racial characteristics and her geographical position make her. There is no present prospect of a return of the liberalism which LORD GREY says the world needs; and in any case other countries have to deal with the German Government of the day. There might conceivably be cases of a Government which palpably did not represent the country. But that is not true of the Hitler Government. Whatever its methods and however bitterly its opponents may resent its triumph, it has assuredly a far more enthusiastic and far wider support among the German people than any of its predecessors of recent years. That nothing succeeds like success is particularly true among a people so strongly imbued with the herd instinct as the Germans; and hundreds of thousands, possibly millions, have been converted to the Nazi leader since his advent to power. Germany at the moment is **HERR HITLER**.

BEST AVAILABLE COPY

It cannot be said that in regard to foreign affairs the present CHANCELLOR has made speeches or committed acts which can properly cause umbrage abroad. Some of his lieutenants have indeed made foolish threats and used obnoxious phrases. The Vice-Chancellor, HERR VON PAPEN, for instance, in his statement to LORD NEWTON two days ago, coolly remarked that the "prevailing economic chaos was due to the political and economic insanity of the peace settlements." He believed that to be the "conclusion to which the world had come." The world has come to no such conclusion; and the longer he and his colleagues encourage their countrymen to imagine that the world outside is longing to reverse the decisions of a "politically and economically insane" treaty the more difficult they will render the prospect of its reconsideration and possible modification. In point of fact the view that the Treaty of Versailles was an unjust and vindictive instrument was held, outside Germany, only by comparatively small groups of intellectuals and pacifists of precisely that mentality which, inside Germany, the Nazi movement has violently suppressed. Moderate opinion in this country, at any rate, considers that the Peace Treaties were on the whole justly and considerably framed, and that their territorial provisions correspond closely to racial distribution in Europe. It is, however, realized that certain clauses, and in a minor degree, some of the territorial arrangements, have pressed hardly upon the vanquished countries; and it is known that in particular the German people have never really accepted at heart a peace which their representatives were not allowed to negotiate. Some modifications have already been made. It may be judged wise and equitable to make others. The question of Treaty revision has been brought into the forefront of European affairs. It can never now be got rid of merely by a policy of repression. The issue must be

fairly faced. Are any of the present grievances of Germany legitimate? Is there any reason why Germany should not be asked to state her claims? It is just as important to decide which are impossible as to decide which may be justified. And it would do much to clear the atmosphere if the Governments which have taken the lead in this matter could issue an unambiguous statement that no drastic re-fashioning of the map of Europe is even remotely intended.

The problem of revision was dealt with at great length a few days ago by the Foreign Minister of Czechoslovakia, DR. BENESH, whose long occupation of one of the key positions in Central Europe gives him a special claim to be heard. He said that those who had raised the question of revision deserved gratitude. Nobody imagined that for an indefinite period the vanquished countries ought to be left in the position of "chastened and inferior adversaries." The object of the Peace Treaties, he said, was to establish a new order in Europe, in which there was no temptation to a war of revenge. He insisted that the real problem before Europe was to decide where the process of evolution, already begun, should stop—which was the point "where we will consider the equilibrium between the two camps to be definitely established." Small adjustments of frontier might be possible, he declared, only if no outside pressure were brought to bear upon those who were called upon to make sacrifices, if the changes were made in an atmosphere of tranquillity and after several years of calm collaboration between the nations affected; and if the sacrifices were accompanied by equitable compensations. This is the language of statesmanship; and it was appreciated as such in Hungary. But the reception of DR. BENESH'S speech in Germany only showed how extravagant are the hopes entertained there and how wild are the ideas of how they can best be realized. An authoritative statement from those who raised the issue of revision is desirable to dispel needless alarm on the one side and false hopes on the other.

See
Private + Conf.

PSF:Jodd

OCTOBER 13, 1933

Wodd

Dear Mr. President:

After the long delay in my official recognition here, the engagements for public appearances piled up a little. Oct. 5, I spoke before American Society here on the Dilemma in the United States, and on October 12, Columbus day, I used the occasion to point out the hazards of arbitrary and minority government under the subject of Economic Nationalism. Since some criticism has been cabled back by some of the Hearst press people and thinking, therefore, that some embarrassing interpretations

may have been put out at home I
taking the liberty of enclosing verbatim
copies. In case you do ever get time to
rest yourself by reading (as I have the
habit of doing), I hope you will look over
these pages.

I was informed beforehand that
members of the Foreign and Economic
ministries would be present; and con-
sequently, I grouped subjects of my
discussion so that all industrial countries
might have due attention. I also endeavored
to be absolutely non-partisan as between
countries, giving Germany a little less
implied criticism than any other. The
result was in both cases extraordinary
approval of Germans present, as also of
our own business people. Copies of
MS were supplied to German as well as
our own press. As the second address

has to be attended by ^{Dr} von Schacht and others of the Reichsbank and Foreign Office, I submitted this to Counsellor here (very strongly protocol) and he agreed that no one anywhere could reasonably take offense. And would add that von Schacht publicly agreed and applauded extravagantly and all other Germans present. I have never noted more unanimous approval. Nearly all the press here (except extreme Nazi organ which ignored occasion) gave fair and favorable comment next day. My interpretation of this is that all liberal Germany is with us - and more than half of Germany is a heart liberal.

Pardon so long a story. In case State Department protocol people make complaint, I wish you to know that it was my purpose to put forward in best way possible American ideals as you, Wilson, Lincoln and Jefferson interpreted them. It is my view that Europe, especially eastern Europe, needs to have American principles put before their peoples as clearly as possible - the educated and even uneducated people are in the main with us, only they are forbidden to say anything.

This has been the hardest day I have yet had here. The Kaulzer and the cabinet have been in session nearly all day. I am probably to know the outcome. I hope Germany is entering Geneva pact.

Yours sincerely William E. Dodd

Address delivered by Ambassador William E. Dodd at American Club Dinner, Hotel Esplanade, Berlin, October 5, 1933.

THE DILEMMA IN THE UNITED STATES.

There has hardly been a parallel in modern history to the dilemma which all industrial nations are now seeking to remedy, and this fact, as well as the absorbing interest of us all may justify a brief diagnosis this evening. The United States has some advantages which other peoples have not; it labors under some difficulties which hardly exist elsewhere.

I.

There is no thousand-year feud between the United States and any powerful rival; and there are vast stretches of cheap lands for the unemployed who have the energy to go to them. And for more than a hundred years our population has been more mobile than that of any other country. Yet it may be doubted whether economic recovery there will be easier than in Germany, for the circumstances are peculiar. To understand these, I venture a brief survey of European-American relations: The real significance of the discovery of America for Europe was free access to vast, new areas and the exploitation of enormous mineral deposits. In all the war-produced crises of the past, the more ambitious of the starving Europeans migrated at great risk in hundred-ton boats to the new land. The breakdown of agrarian feudalism in the seventeenth and eighteenth centuries released even greater numbers of "underdogs" for American development. The North American part of the new world thus

became

became a sort of "paradise" for the ambitious and unemployed: there every freeman who could pay his way across the Atlantic had fifty to a hundred acres of wild land crowded with game, for his temporary support; and the still greater number of indentured servants who crossed the ocean were likewise guaranteed free homesteads at the end of their terms of service. Nor was it possible for European overlords of America to deny their emigrating folk that personal liberty which all rational men demand. Laws and regulations restraining men's freedom simply could not be enforced. Here was a great moral force in all western economic life till free lands in the United States were exhausted in 1893. The absence of this factor is a basic cause of the unprecedented disaster which now surrounds us all.

II.

Another and a stranger influence operates now to thwart efforts at recovery everywhere. Since 1870 the sense of personal independence on the part of the masses of urban folk has declined. Amazing inventions and the changing tastes and desires of men have set new standards. One must live in a city now to be a decent citizen. He loves the roar and racket of the factory, the crowded street and the baseball field; he must look at the movie screens as often as possible, and ride on the crowded trolley on Sunday to commiserate the misfortune of his degenerate cousin who still labors on the land. The city worker prefers an attic in a crowded, filthy "West or East Side" to the independence of a country

home

home with family, forest and animals about him. The daily paper and the radio hardly suffice. The idea that the ownership of a stretch of land makes one free and even aristocratic hardly exists anywhere. For a thousand years ownership of land was a title to distinction. And since half the people of the United States and three-fourths of those of Germany live in the city, most of whom would rather beg their bread on the streets than earn it on the land, President Roosevelt and Chancellor Hitler have a second and basic hostile force to deal with. There is no more free land and few people would take it if there were.

Of equal importance is the strange practice of all nations in barring their gates against immigrants and foreign goods. One of the causes of this attitude these last decades is the natural jealousy of organized labor everywhere, especially in the United States. The leaders of organized workers think of applying the same privilege for themselves and their supporters that the directors of great corporations have demanded for themselves - monopolies of the profits of the greater industries. Organized labor demands a dollar an hour for urban workers, while its leaders are quite content that the country worker receives only a dollar a day.

This demand of organized labor, supported by organized business, has resulted in industrial states closing their doors to immigrants and to outside goods. These working people forget that immigrants from all the more advanced nations invariably take their savings with them, put these savings to work in the new country and thus help

set

set the mills to going. Although an immigrant on a small farm might reduce the home demand for foodstuffs, he would increase the demand for industrial goods, and this increased demand for urban goods causes a growing consumption of farm products in the cities. The immigrant of past epochs who abandoned his country and took his savings to a new land reduced unemployment at home, added to steamship and railway activity on his way west, set up new demands for imported goods in the new habitat and thus helped all parties to recovery from historic depressions: 1819-1846, 1873-1877. At the present moment all industrial countries are closed to immigrants and heavily taxed against freedom of travel. How difficult it is to cross international borders today! With lands unavailable, unacceptable, and the movement of population almost prohibited, the present depression is more fixed than those following the Napoleonic, the Civil and the Franco-Prussian wars.

Two other unprecedented limitations to worldwide recovery are obvious: 1. The industrialization of England, the United States, Germany and France has been paralleled with a most extraordinary application of machines to production. This has, during recent decades, released hundreds of thousands of workers per year. Even in 1928-29 there were two million unemployed in the United States. 2. Since 1870 one effect of machine production and urban conditions of life has been a declining birth rate, while more and better physicians have prolonged the average of life so that people are no longer advised to take chloroform at sixty. There are four times as many people over sixty years of age as

formerly

formerly; and they show no disposition to get out of the way of their younger fellows. The best authorities on social statistics say that in 1970 the populations of all industrial countries will begin to decline, if present influences continue; and there will be increasing numbers of unemployed and of decrepit folk who pay doctors good fees to keep them alive.

Finally, under modern individual and corporate freedom, men have built vast canal systems at a cost of billions of the popular savings. These canals were promptly paralleled by railroads which took away their traffic - witness the Erie and the Pennsylvania canal systems. Then the railroads were in large measure antiquated by motor cars, buses and trucks; and now the flying machine receives vast governmental grants for taking the mails away from the railroads which also receive heavy subventions not to let the flyers have their pouches. Moreover, the railroads focussed their traffic in a few great centres; they did this contrary to popular opinion. This increased the value of urban land a hundredfold. The effects of these and other influences centered all great industry and world finance in the same favored cities; and railway, bank and other directors of the industrial age, masters of world centres, assumed airs of ancient monarchs and raised skyscrapers almost beyond normal vision, which a visit to New York will amply reveal. The result was the sale of something like a hundred billions of railway, industrial and skyscraper stock to a misguided public - securities which had no substantial basis of real property. The earning power of the masses was wholly

wholly unequal to the payment of promised dividends. The people of the United States thus carried an unbearable load of worthless, fraudulent debt in 1929. I suspect other industrial peoples bore similar burdens. And even more amazing, American industrialists raised import duties in 1922 and again in 1930 to levels which almost closed their markets to the outside world. And having barred imports, they loaned Europeans and Latin Americans billions of dollars so they could buy American exports. They would ruin other peoples and then lend the ruined peoples money to buy goods and put more bad securities on their own market!

There had never been anything like this in all known history. The collapse of 1929 was predicted and warned against by the most eminent economic and historical authorities everywhere. Governmental authorities gave no heed.

It was the end of the era. The free lands of three centuries were gone; the right of peoples to migrate from country to country was abolished; there was no longer a semblance of free trade; and when outstanding statesmen sought to associate all the differing peoples in a co-operative economic life and abolish wars as the causes of the greatest disasters, there were great outcries of opposition. All the old co-operative forces were gone and nobody was willing to introduce new ones.

III.

After four years of unprecedented distress; after

usual

Samuel Insull's two-billion-dollar holding company collapsed and he had hastened away on a flying machine; when other vast corporation values shrunk from three-fourths to nine-tenths of former values, millions of small investors were in desperate straits, there came a national election. It gave unprecedented majorities in nearly all the States to Franklin Roosevelt - a leader of the party of Thomas Jefferson which had come back to life at a most critical moment. What could be done?

The Federal Constitution is a balanced instrument of most limited powers, and all executive functions are subject to legislative and judicial approval. Only in time of war may a President take prompt and decisive action. Lincoln violated the Constitution to save the Union, and Wilson sometimes transcended his powers for the obvious common good, though actual violations of the fundamental law were not a part of his practice. Might men interpret the events of March 1933 as warlike?

In the chaotic situation, with banks closing their doors everywhere, President Roosevelt acted as if he were in a state of war. He declared a bank holiday and hastened the assembling of congress. Excitement was everywhere as great as in 1917. Senators and Representatives recognized the urge of the hour; but they also felt the pull of the American Legion and the pressure of local demands. It was a situation which legislators are apt to convert into an impasse, witness the panicky times of Andrew Jackson and Grover Cleveland when all Presidential action was defeated. But Roosevelt had converted his long struggle for recovering

his

his health into a ten-year study of history and economics. He had learned how men behaved in past crises.

He held conferences with the greater committees of both houses of Congress; he consulted experts on subjects on which expert opinion was needful; he coaxed semi-hostile newspaper folk to delay their opposition; and he postponed appointments to ten thousand offices in which mere politicians were interested. It was a human picture, a Jefferson urging Southerners to abolish slavery, lest they themselves be abolished; a Wilson urging war to end war. And Roosevelt was successful. A banking law was enacted which gave the Federal Government powers which must paralyze all state systems. A control over the issue of securities was enacted which would probably have prevented the depression if applied in 1921-29. The farmers of the West were told in legal form how much wheat they might plant; and cotton growers were ordered to plow up ten million acres of the 1933 crop. If railroads were to operate, their managers must submit to orders from the White House. The whole economic life of the country was taken in hand upon mandates voted by both houses of Congress. There had never been anything like it before; but some way to recovery must be sought, else even greater catastrophe than that of 1929 might come. It was not revolution as men are prone to say. It was a popular expansion of governmental powers beyond all constitutional grants; and nearly all men everywhere hope the President may succeed. If he is able to put half the unemployed back to work; if the new banking law and corporation control yield half the desired results, the cause of democracy and personal liberty may survive the onslaughts of our times.

Address delivered by Ambassador
William E. Dodd at Luncheon of
American Chamber of Commerce in
Germany, Berlin, October 12, 1933.

ECONOMIC NATIONALISM

I.

In times of great stress men are too apt to abandon too much of their past social devices and venture too far upon unchartered courses. And the consequence has always been reaction, sometimes disaster. With the breakdown of the old Roman democracy after the enormous success of the Punic Wars, great group leaders contending for personal and group advantages brought the Republic to the verge of collapse. Then a Caesar rose, asserted autocratic powers and for a time stabilized society. The great fact so appealed to Gibbon that he wrote the masterpiece of all historical work. He overlooked or under-emphasized the cruelties and the outside exploitation of his golden empire. I allude to this because human governmental and economic combinations have always appeared under a few patterns and both philosophers and politicians waver and hesitate between the models offered in a Cato, a Gracchus or a Julius Caesar and the ideals which these figures connote. There are not many forms of human association - though many new names have been invented from time to time. Half-educated statesmen today swing violently away from the ideal purpose of the first Gracchus and think they find salvation for their troubled fellows in the arbitrary modes of the man who fell an easy victim to the cheap devices of the lewd Cleopatra. They forget that the Gracchus democracy failed upon the

the narrowest of margins and the Caesars succeeded only for a short moment as measured by the test of history.

II.

As in ancient times, so in modern. When the Spanish dumping of shiploads of South American gold and silver per year into the medieval complex of economic Europe, and prices, wages and currency values got as much out of all control as they are today, men cast about wildly for remedies. There has rarely been more chaotic times in human history than those of the hundred years which followed the discovery of America and the religious reforms of Martin Luther. No nation's existence was half secure; no economic class rested upon a sure foundation; peasants wandered aimlessly about their countries, starving by the hundreds of thousands; and city proletarians were everywhere ready to turn pirates upon the seas or mercenary soldiers upon the land. When Queen Elizabeth died in 1603 England was confronted with imminent chaos, and forty-five years later France was in even worse plight, though victorious in the Thirty Years' War. We must not think our generation is the only one that has suffered from violent economic and social disruptions. The Puritan fathers thought to re-distribute the benefits of government and make England a model land; the Fronde rioters of France and Paris thought to anticipate the revolution of 1789.

III.

Out of these chaotic eras there came two try-outs

of

of economic nationalism, applied by autocratic methods. The first system was worked out by the marvelous little group of statesmen that surrounded Charles II. In 1660-1673 the aged Earl of Clarendon, a politician and a master historian, aided by the unscrupulous Duke of Buckingham, the canny Lord Arlington and the profiteer Duke of Albemarle, worked out a marvelous system which was to save England and fit all the trans-Atlantic colonies into a water-tight system. It was unlawful to ship a pound of gold out of the country. No foreign goods were to be imported except upon a sort of quota system. A monopoly market was created for sugar, tobacco and ship timber, produced in the colonies. All "quota" imports from the colonies were taxed at two to four times their producers' value to enable the government to ignore public opinion and collect taxes without the consent of the people. Merchants and manufacturers were authorized to sell their goods to the public at prices fixed by themselves. And surplus products were to be dumped upon the continental market at half the prices paid at home. It was a marvelously perfect scheme under which workers on the land were to have no return at all for their labor, landlords somewhat more and industrialists and traders princely profits. His Majesty, Charles II, was to be autocratic master of the system and make war upon Holland, the one rival and free-trade advocate which might upset the scheme.

But no scheme has ever worked well more than a decade or two without popular support, and when the King had beaten Holland in 1674 and annexed all strategic points in North America, the crafty Earl of Shaftesbury,

counselled

counselled by the canny John Locke, moved into the slums of London, organized groups of shouting, hurrahing followers, gained control of a parliament which could not longer be postponed and brought the cheap autocrat's life to a miserable end in 1684; and the long subdued lower middle classes of the country united with the new aristocracy and made the unloved William III of Holland King of England. All the larger cities and more developed shires, supported by the angry colonies from Massachusetts to South Carolina, shouted loud hurrahs. It was the "glorious revolution," hardly a score of lives lost in the process! All the strenuous decrees of Charles II became dead letters which no one seriously heeded. Seventy years later when George III tried to revamp the system, the colonies revolted and started a world commotion which lasted thirty years. Stuart economic nationalism had failed.

IV.

The English had hardly launched their scheme before John Baptiste Colbert, master statesman about Louis XIV, contrived a better system for the perfect government of France. Son of a mere trader of Rheims, he invented a pedigree which proved himself to be of noble birth, and he managed to get it to the snobbish young monarch. That was enough. He was granted despotic powers. He dispossessed hundreds of great families of newly rich folk, handed their properties over to the Crown, condemned thousands to death because they resisted

him.

him, and so re-adjusted taxes that Louis henceforth had income enough to wage war when he would, and, at the same time, pension every promising leader or emerging writer, not excluding scores in Germany and Spain. The recalcitrant landed aristocracy was everywhere subdued, parliaments were not allowed to assemble, while the new-rich and all the talent of the time were allowed to bask in the sunshine of the royal presence. The young monarch rose to unparalleled eminence in Europe and Colbert applied by decree an import-export system like that of England. Nothing could come in except upon approval and the payment of high tariffs. Every surplus, except gold, must go out at whatever prices could be obtained. A third class like that of England arose. Monopoly privileges prevailed everywhere. A countryman who objected to aristocratic hunters running over his ripe wheat fields was simply shot like a pheasant or a partridge. France was wonderfully organized from the top-like Augustus Caesar's reorganized Rome. There was not a popular assembly in a hundred and forty years, and terrorizing wars were the order of the time 1666-7, 1672-8, 1683-7, 1690-97, 1701-13. France was perfectly pyramided at home and on the continent. The glamor of Versailles was seen and imitated all over Germany, while thousands of men rotted in French prisons because they had ventured to protest; and peasant farmers reached so low an estate that, like North American Indians, they lived off roots and herbs or died unwept along the roadside, as they do today in a great minority government of our time.

It was the economic nationalism which "had saved

France

France after the chaotic days of Mazarin." However, it collapsed in 1789 with a crash and a thunder which reverberated for a score of years all over the world. Thus the best laid schemes of Bourbon autocrats failed as dismally as that of their Stuart cousins. Governments from the top fall as often as those from the bottom; and every great failure brings a sad social reaction, thousands and millions of helpless men laying down their lives in the unhappy process. Why may not statesmen study the past and avoid such catastrophes?

V.

When Napoleon I came to his end in 1815, a great world congress had set everything to rights in Vienna and told everybody how to behave for a hundred years; but soon came the accustomed chaos in victorious as well as defeated countries. From 1818 to 1846 there was depression; here and there, everywhere, as now the markets of Europe, except for cotton, were dead for young America, and Europe was distracted by debts and new revolutions. Would mankind never learn the effects of wars?

In far-off Kentucky a lean, lanky, half-educated but clever orator, Henry Clay, worked out in 1823 another economic nationalism. He would bar the ports of the United States against cheap but excellent European goods, associate all Latin-American peoples with those of his own country, create huge markets by building cities, roadways and canals and leave the builders of the new industry and the new-old banking system the utmost freedom in exploiting

their

their fellows. It was an unconscious imitation of the English and the French systems of the seventeenth century - the fussy, cantankerous John Randolph was about the only member of Congress who knew enough of history to give Clay's so-called "American system" its proper European name. Clay fought long and hard, always dreaming of the Presidency for himself, Daniel Webster and the unscrupulous bank president, Nicholas Biddle, his ablest lieutenants. He was defeated by the rising cotton kingdom in the South and it was left to the troubled Abraham Lincoln, in the midst of a great war, 1861-64, to grant industrialists and bankers all that the dead Clay had promised them. The economic nationalism which Benjamin Franklin and George Mason had feared and warned Washington against was now firmly fixed on "free American soil" and its success was far greater than that of Clarendon or Colbert. England, France and Germany had, after long debates, adopted in the main the Adam Smith philosophy on which the Americans had gone to war in 1776. That is, Europe had adopted the ideals of Young America and opened their markets in order to sell their growing industrial output to the far corners of the world. The United States had adopted the attitude of Europe in 1776 and closed their vast domestic market while they sold billions of dollars worth of foodstuffs to England, France and Germany. There had never been anything like it in all history. England and Germany developed more in fifty years than either of them had developed in the preceding five hundred years. It was the machine age, and populations increased faster than machines. Cyrus

McCormick

McCormick, a Virginia inventor, showed American farmers how to grow wheat at thirty cents a bushel and produce meat at two cents a pound. And American farmers, aided by free land and new machines, drove British and German farmers out of business and crowded them on to emigrant boats bound for the farms of the great West. "Everybody was getting rich."

But the masters of industry, of railroads and banks managed to pocket nearly all the profits and there came a depression and an outcry which all but enabled the young W. J. Bryan to work a revolution in 1896. He failed on a narrow margin through bribed votes, and the system was sustained in wobbly estate till Europe went to war in 1914 as France had done in 1805. The outcome all the world knows. The marvelous American system seemed successful when it was not, and the Presidents of 1921-28 with their optimistic Secretary of the Treasury thought it a sort of millennium which must rapidly cover the earth. To this dream a later President added the prophecy that poverty, the curse of mankind, would be abolished when he took his seat in the mansion on Pennsylvania Avenue!

VI.

But the collapse came in 1929; it was almost as terrible as that of 1789 in Paris. The hopeful, buoyant United States now fell into the economic chaos into which the great war had thrust all the states of Europe. The unemployed outnumbered the dead and wounded of the recent struggle. In place of Hoover's universal and everlasting prosperity, there was threat of universal poverty. The

American

American economic nationalism the dangers of which Franklin and Mason had foreseen in 1787, had run its course - as had the schemes of Clarendon and Colbert.

In conclusion one may safely say that it would be no sin if statesmen learned enough of history to realize that no system which implies control of society by privilege seekers has ever ended in any other way than collapse. The wisest of all American statesmen insisted all his life that the way to develop the ideal social order was to leave every man the utmost freedom of initiative and action and always to forbid any man or group of men to profiteer at the expense of others. May we not reasonably expect of statesmen of today a sufficient knowledge of the blunders of the past to realize that if western civilization is to survive, they must find a way to avoid the crime and the terrific disasters of war; they must learn how to develop in a friendly spirit the resources of undeveloped regions of the world; they must lower, not raise, the barriers against the migration of surplus populations; and they must facilitate, and not defeat, the interchange of surplus goods - with these rational changes of international procedure, a higher culture might easily be carried to the masses of men everywhere; without these, another war and chaos.

Note

The material in this letter
also appears in Ambassador
Todd's Diary, pp 90-91, pub. 1941,
Harcourt, Brace.

Confidential

Berlin, November 27, 1933.

Dear Mr. President:

I am preparing a somewhat careful analysis of the ruling trio here with a view to more accurate understanding in the State Department as to the situation. As I can not get the report off in today's pouch, I am taking the liberty of summarizing it to you.

Your remark in your letter of the 13th about the eight percent of the world's population defeating ninety-two percent in their peaceful objectives leads me to think that you might possibly profit from this summary.

The Hitler regime is composed of three rather inexperienced and very dogmatic persons, all of whom have been more or less connected with murderous undertakings in the last eight or ten years. It is a combination of men who represent different groups of the present German majority (not an actual majority). Hitler, now about 45, was an orphan at 13, went through the war without promotion or decorations, so much worshipped here, and who had very curious experiences in Munich between 1919 and 1923. He is romantic-minded, half-informed about great historical figures in Germany, and he was for a number of years a strict imitator of Mussolini. He rose to power by organizing elements in Germany which were partly unemployed and wholly indignant because Germany had not won the great war. His devices are the devices which men set up in ancient Rome, namely, his flag and salute. He has definitely said on a number of occasions that a people survives by fighting and dies through peaceful policies. His influence is and has been wholly belligerent. The last

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The President,
The White House,
Washington, D.C.

six or eight months he has made many, many announcements of peaceful purpose, and at the time being, and I think he is perfectly sincere and is consequently willing to negotiate with France. However, in the back of his mind is the old German idea of dominating Europe through warfare.

Hitler's first lieutenant is Joseph Goebbels, some ten years younger, a miniature figure who was not engaged in the war but who imbibed the bitterness against France and the rest of the world during that long struggle. After the war he engaged in organizing belligerent groups in western Germany and took every possible occasion to challenge the old Socialist regime which submitted to the Treaty of Versailles. He joined Hitler and made constant declarations that the German people, once united, would domineer the world. While Hitler is a fair orator as German oratory goes, Goebbels is a past master. He makes a point of stirring animosities and hatreds whenever there is opportunity, and he has combined all the newspaper, radio, publications and art activities of Germany into one vast propaganda machine. Through these agencies he is bent upon forcing all Germans into one solid phalanx. He is far cleverer than Hitler, much more belligerent, and, I am told, always refuses to have contacts with foreigners.

The third member of this triumvirate is Hermann Goering, about forty, who comes from South Germany, and who was involved, as Goebbels also, in the early Putsch movement in Munich; was a fugitive from justice for some months while Hitler was in jail, and became intensely violent against all democratic and socialist groups. His wife died as a result of exposure while they were both fugitives from justice. The liberal-socialist government issued pardons for Hitler and Goering about the same time and they recommenced their belligerent agitations about 1926-27. While Goebbels represents something approaching a communistic body of German opinion (mobilized against official Communism), Goering represents a more aristocratic and Prussian Germanism. He is not without support amongst the larger business interests. He had a marvelous experience during the war as an aviator and became as intensely war-like as either Goebbels or Hitler. He is the Prussian Minister President, and has mobilized all the old Prussian

extremists

expremists and militarists on behalf of the existing regime.

You have, therefore, a unique triumvirate. Hitler, less educated, more romantic, with a semi-criminal record; Goebbels and Goering, both Doctors of Philosophy, both animated by intense class and foreign hatreds and both willing to resort to most ruthless arbitrary methods. Each of the three has a body of support necessary for the maintenance of the present regime. They do not love each other, but in order to maintain their power, they have to sit down together. I do not think there has ever been in modern history such a unique group. There was such a group in ancient Rome, and you probably recall what happened. You may see, therefore, something of the problem you have to deal with, and also some of the reasons why a man of my background might be doubtful of any early success.

Sincerely yours,

William E. Dodd

PSF: Dodd

P. Yale - ~~Berlin~~
German -
Dodd folder

December 23, 1933

Dear Mr. President:

Perhaps you won't object to a belated New Year's greeting from this centre of arbitrary government. You must know you have our ardent good wishes. You have already done a great work; but it's going to take more than four years to apply your system - and as usual leadership is seriously handicapped, perhaps necessarily on the whole, by fixed elections. My prophecy is that you will have no difficulty on that score.

If you do not ^{object}, I hope you

will recast State Department

groupings a little. There are cliques who jeopardize the service by favoring rich personal friends and kindred folk. We are suffering from such a ruling here now. I would like to know you had given a mandate to the Secretary to stop favoritism and if necessary re-assign persons who make trouble. In my judgment new recruits should not be taken in upon any but bases of merit; perhaps new folk kept off till the present Service people can be arranged according to merit; and after this let some of the higher posts go to very best Service men, with new blood at critical centres. This might overcome

present social strictness. I am not opposed to normal social contacts, but against making ourselves ridiculous, imitating Louis XIV. I believe budget might be reduced by one-fourth and service improved.

As to present status of German-French armament negotiations, I want to say: I do not fall for English propositions without consideration. They made unwise commitments in Far East from which leaders - at least the Ambassador here - wish to escape. The French are standing too stubbornly against all concessions to Germany - especially Herriot. Strangely the German Foreign Secretary expresses great concern over danger of Japanese attack upon Russia.

About January 7 to 10 English will be making tentative proposition to you. My analysis is that if you would

set English and French together and
put through present ten year pact
tied on to similar pact for Far East,
you might do what our great friend,
Wilson, failed to do: actually start
world on road to peaceful negotiations
in place of old road to war. You can
perhaps bring Baruch, Johnson and McAdoo
to agree if they understand immensity
of war in Far East

If you can not get actual agreements
from England and France, Italy, Ger-
many, Poland and Russia, autocratic
powers, will unite on French-Balkan
problems and leave Far East to us
alone. Change of German attitude as
to Poland and Russia is obvious here.
If this sort of a pact is agreed to, it
won't be peaceful very long. Perhaps
I am wrong; but such is my mature
judgment - nor am I either "German" or
"British."

Yours Sincerely
William E. Dodd

PSF: Germany
Bodd

LIBRARY OF THE
UNITED STATES OF AMERICA

Feb. 8, 1934

Dear Mr. President:

The daily and almost hourly
conferences and calls due to the presence of
American, English and Swiss Bond delegations
caused me to overlook the opportunity of writing
our congratulations on the occasion of your
52nd birthday. But you must know that
I am now, as I have long been, grateful
as a citizen and a co-worker to you for
what you are and the monumental work
you have done this last year. If there
is a moment of time to spare let me
 dwell for a moment on some points
of common concern

The German Finance and Economics authorities here are now and have been quite aware of the wrong involved in their dealings. I have had "set to's" with all responsible parties. Schacht finally declared to me that he had never favored the discriminations. There are really two groups functioning here: one is composed of Foreign Office, Reichsbank and Wirtschaftsratsministerium; the other of the curious combination of Hitler, Göring and Goebbels who hardly know there is an international opinion to reckon with. The President stands aloof, but he is fully conscious of international trends and casts his influence the right way, as I think, when decisions are left to him - as happens quite often now.

In view of above facts, I feel that the Bond matter was decided as well as we could have hoped for. One thing went a long way: your announced personal attitude which was promptly published here. However, the 6% and 7% interest rates, which our New York bankers fixed are

regarded here as far too high; and our tariff rates of 1922 and 1930 are regarded as largely responsible for existing state of things: all other countries having imitated them.

I am enclosing a clipping from Paris Tribune just to show you how your suggestions are taken on this side. It is my opinion that ^{is} the only real solution to our economic dilemma, i.e. a slow transfer of some millions of people from the industrial centres, artificially built up by too protective tariffs and corporate railway misconcentration. We forgot Jefferson's dictum that no man or group must be allowed to prosper and reap the profits, as well as the rest of us, are paying the penalty. However, it is no easy job to transfer unwilling and miseducated city folk to small farms all about the country. You can do it by degrees and especially after you carry the election of 1934 overwhelmingly, as you will. And you must also carry the election of 1936. That will put you where Jefferson was in 1800-06 when he attacked

in very cautious way two great problems: the pretensions of the courts [Marshall] which were already kind up for commercial privilege and the slavery, suddenly grown powerful, but to 300,000,000. He delayed his great task till he had all power; but when he was defeated I reasons never made clear in our history]. The reasons were new, was in Europe [Napoleon at Austria] and the revolt of Democrats in the South who should have agreed to gradual abolition! One of the greatest of leaders, every state but two behind him, was defeated in one of the greatest and wisest of moves!

You will say: Why so discouraging? I reply that under our unique system Presidents of the greatest sincerity and highest talents have lost in their 6th and 7th years: Jefferson and Wilson; Jackson, Lincoln and Cleveland never able to carry their purposes. You have what Jefferson had: perfect confidence of the masses. You have even more difficult problem, nobody in all history a more difficult one. The United States must stabilize on fair economic basis; it must then become a world leader. If you can redistribute population, open world markets, put all banks under control and then show Europe how to stop barbarism you will have won the gratitude of the ages. I think you can do it, if no war breaks out and you manage next two elections successfully. Pardon so long a story. All good wishes
Yours Sincerely
William E. Dodd

Dear Roper:

If the President wishes further information, I think State Department could give it.

Please let Auto people know I want to see proper person about a car.

Wm E. Dodd

[1934?]

The Proposed German Commission

About the 20th of February Dr. Schacht of the German National Bank, dictator of German finance came to see me and bore the situation of his country in a way which American Bond representatives had not learned though they learned much.

Schacht said there was then [and a cabinet crisis about the subject was narrowly averted] a tremendous pressure for going off the gold standard for trade purposes; but that he would never assent because of the different situation there from that in the United States. I inferred that he would resign if the policy were changed.

But in the hope of carrying on successfully through the spring, he proposed a scheme for temporary staging of Bond situation while Germany would greatly increase cotton purchases from us and make deals [thought to be probable] to sell industrial output in Latin America. I submitted his scheme to State Department. His fear then, and was greater when I left Berlin, was that German balances would get worse before the middle of April when another Bond conference is to meet. The hope of improving the situation was ^{promised} in the passage of the President's

mandate for tariff re-adjustment - daily watched in Germany. Schacht simply wished such improving prospects with us as would enable him to avoid further defaults at the Conference in April.

About March 1, the German Foreign Office asked me to talk over possibility of a Commission to Washington for the purpose of readjusting trade agreements. I was told the Commission was about to be appointed and I was asked what I thought of the individuals suggested. It looked to be a good committee, no party or personal chiefs - simply first class men who, I thought,

would make good impression in Washington. But I at once
advised delay in sending them. They were to have sailed
March 9. My advice was to wait till Congress acted
and a cable be sent from the State Department. ~~Further~~
~~had been advising without special reference to this point~~
it or from their ambassador. This was agreed to and I re-
ported to Washington. There were further conversations and
I appointed set Agricultural Attaché Steere to
making acquaintance with proposed Commission
members and also to study various commercial inter-
ests and difficulties so that, in case of need, he might

be called to Washington to assist in negotiations when they begin.

Saturday night March 10, German Foreign Secretary, von Neurath, was at my house and reported that he had been authorized by the Chancellor to send Commission whenever Washington was ready - he again discussed personnel. He also revealed considerable anxiety lest delay might precipitate economic trouble in Germany. Though not close friends, he and Schacht were of the same mind. I was certain, therefore, that the German authorities

6

were ~~unanimous~~ ^{unanimous} in the view that a great deal depends on negotiations of new German-American trade relations; and I promised von Neurath to do what I could to expedite matters.

My suggestion would, therefore, be to expedite German matter as soon as possible, for it is highly important to have the Commission over here before Bowd conference meets in Berlin. The fact of negotiations being under way and ~~the~~ existence of friendly economic relations which could be advertised in Germany would have great influence in

renewing confidence and in avoiding complete default on interest payments. In my judgment a suspension of payments in April would be most harmful here and the failure of ~~the~~ commercial improvements with us would certainly make May 1 [always a dangerous day in Germany] more critical.

We must not assume that Schacht is willing to default. He is not. He wishes to show us that Germany is not another France. All thoughtful Germans indicate same attitude. They are anxious to please us.

The Germans do wish lower rates of interest; and our Bankers delegates agree that 6 and 7% is too high for bonds ~~set~~ on our markets when few American securities pay more than 4% these days.

There are other points involved; but these are the main ones. If we can act promptly and in conciliatory spirit we may save both peoples from great losses. I had a long talk with Hitler on March 7 and he is deeply interested.

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Schacht said there was then (and a cabinet crisis about the subject was narrowly averted) a tremendous pressure for going off the gold standard for trade purposes; but that he would never assent because of the different situation there from that in the United States. I inferred that he would resign if the policy were changed. But in the hope of carrying on successfully through the spring, he proposed a scheme for temporary staying of bond situation while Germany would greatly increase cotton purchases from us and make deals (thought to be probable) to sell industrial output in Latin America. I submitted his scheme to State Department. His fear then, and even greater when I left Berlin, was that German balances would get worse before the middle of April when another bond conference is to meet. The hope of improving the situation was promised in the passage of the President's mandate for tariff readjustments—daily watched in Germany. Schacht simply wished such improving prospects with us as would enable him to avoid further defaults at the Conference in April.

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THE SECRETARY OF STATE
WASHINGTON

73F: 9000
Dodd

June 16, 1934.

Dear Mr. President:

I enclose for your information copy of a telegram which I am sending to Ambassador Dodd in Berlin, regarding the recent debt action taken by Germany.

During the negotiations between representatives of the American bondholders and the German officials over the past few weeks at Berlin, we have made suitable representations on various occasions in support of the rights of our nationals and especially in the matter of any possible discrimination against them. This I did again in conversation with the German Ambassador here, both some days ago and as late as yesterday.

Faithfully yours,

Enclosure:
Copy of telegram.

The President,

The White House.

COPY

June 16, 1934.

AMEMBASSY

BERLIN (GERMANY)

Please take the earliest occasion to see Von Neurath or a ranking official in the Foreign Office and state orally that you have been instructed by your Government to protest energetically and formally against the recent summary independent action of Germany in respect to her external debts, which seriously affects our Government and its nationals. The American Government takes occasion to express its strongest regret that new losses are thereby imposed on American citizens, and that debtor-creditor relationships have been further impaired.

I purpose to inform the press on Monday of the general tenor of the foregoing.

In regard to the question of discrimination against American investors that has been brought to the front by the developments mentioned in your 112, of June 16, please state to the German Government that this Government would view with disapproval any and all developments in this situation under which its investors

receive

receive poorer treatment than investors of other countries, and would be called upon to protest any such discrimination. The spectacle of having not only to accept losses but to perceive payments to investors of other nationalities at their expense would arouse immediate resentment among the numerous American investors.

As regards further statements of Foreign Office transmitted in your 112, if the German Government wishes to put forward proposals for an agreed on reduction of interest on its external indebtedness, this Government is convinced that the Council of Foreign Bondholders, which has been representing the American holders of German securities, would give consideration to such proposals.

Show to F.
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"res"

PSF: Dodd

file - European file
(5) (2)

June 28, 1934

My dear Mrs. Roosevelt:

Though I have never
had the pleasure and honor of meeting
you, I am glad to learn that you are
taking a vacation in Europe and hope
you may be able to visit Germany
before you return. In case you
should come this way I trust
you will let us know a little
beforehand so that all of us
may be at home, and be able

to render whatever assistance we can.

President Roosevelt was at one time
a student in Germany and this
fact, besides all the other interest-
ing circumstances, may appeal to you.

I need hardly say to you that your
son has had the most difficult
task that ever confronted a President
and I think I am right when I
say he has met his ordeal with
the finest spirit possible and
has already shown that he will
be more than successful.

Pardon this break into your time.

Yours sincerely
William E. Dodd

PSF:IIodd

Berlin, November 5, 1934.

Dear Judge Moore:

We are sending with this pouch a special report (despatch No. 1417, October 26) which has to do with the general military and militaristic situation here. I thought that I might summarize a little of my own observations so that you might speak to the Secretary about it and perhaps save some of his time.

On October 26 I had a conversation with Dr. Schacht. He raised the point once more of treaty negotiations. I said to him: you know the drift of public opinion in the United States still runs strong; and now we have a church issue here which is already bringing further critical, if not hostile, reactions at home. I might say that a number of people, both Americans and Germans, have expressed this view to me personally. Schacht at once said that he realized what a great blunder was being made in the church matter, that he and von Neurath had on several occasions urged upon the Chancellor a more rational policy. He then turned to me and said: "I want to make an appointment with the Chancellor for you to speak with him. He is so completely surrounded by Partei people that I think you ought to tell him very frankly what outside opinion is. It might have good effect." I replied that I could not intermeddle in German domestic affairs, but Schacht showed considerable uneasiness. I mention this to you because it shows so clearly the attitude of a great minority in Germany.

The

The Honorable
R. Walton Moore,
Assistant Secretary of State,
Washington, D.C.

1

The majority, however, is, as I judge, entirely committed to the philosophy of complete German unity in every direction and of war as soon as that unity is attained, war primarily against France.

The next day my son and I drove by way of Wittenberg, Leipzig and Nuremberg to Constance, and on Sunday and Monday returned through Stuttgart, Erfurt, Bitterfeld and Leipzig to Berlin. We observed things as closely as we could, and had conversations at several points. In almost every city or town there was marching, either of Hitler Jugend or of SS and SA men in uniform. In Bayreuth, marching and singing kept me awake nearly all the night.

A year ago I had driven over a part of this area, and most of the smokestacks showed that nothing was being done. This time almost every smokestack showed great activity, especially in Bitterfeld, Nuremberg, Stuttgart and Erfurt. These are not the great industrial centers, but from everything I could learn there is great preparation for war. Just what they manufacture in these districts I cannot say, but the activity seemed as great as it was in Chicago in 1938/29. We have learned from Consular reports that in some places they are making poison gas and explosives in great quantities. The Consul in Dresden reported November 1st 1,000 airplanes in that district.

The following conversation at Hechingen on Sunday, October 28, illustrates what the public thinks is going on. We had luncheon at a hotel there, and on the wall next to my table was a poster which I asked the hotel-keeper to give me a copy of. You will see from this map just what lies behind the intensive military

preparation.

preparation. While we were eating, at least 2,000 Hitler Jugend marched past the hotel door. They were singing the usual songs, one of which starts "Siegreich wollen wir Frankreich schlagen." This song was formerly forbidden. It is now heard everywhere, at least I have reports that it is sung here in Berlin when the troops are marching. When the hotel man handed me the picture, I said: "Are all of you learning to fly, as Göring suggests?" He replied: "A very great many. We have twenty expert flyers in this town (9,000 population), and they have registered 2,000 flyers in Stuttgart (capital, as you know, of Württemberg)." I said to him: "Well, that would make a good many flyers for the whole of Germany." He replied: "Yes, all the big business men want war, and the little men are opposed. I don't know what will happen." This man did not know who I was, as nobody else knew during the whole trip, but he showed his natural reactions and was not a little concerned. I merely mention this as illustrative of the feeling that is frequently reflected in conversations but which is never indicated in any public manner. It is fairly certain that nearly all the population is being held under the strictest control, and as I said above, the object is to put France out of business.

The result of all this, if allowed to go through, will of course mean annexations and predominance of the whole of Europe. I am not saying this is certain, only all the contemporary evidence points that way. I need hardly take more of your time.

Sincerely yours,

William F. Dodd

Enclosures.

Das Deutsche Volk muß ein
Volk von fliegern werden.

W. W. W. W. W.



Anmeldungen und Spenden nimmt die
Fliegerortsgruppe Hechingen
Adolf Hitler-Platz 17
entgegen

**Helft der deutschen Luftfahrt,
dann helft ihr Deutschland!
Werdet Mitglied des Deutschen Luftsportverbandes!**

PSF: Dodd

Dodd
European Hill
(S) (2)

ASSISTANT SECRETARY OF STATE

WASHINGTON

November 20, 1934.

Dear Mr. President:

You may perhaps find of some interest the enclosures, which please do not go to the trouble of having returned to me.

Dr. Dodd's letter presents a rather dark picture of what is going on in Germany. His proposed historical address points out, as he is much in the habit of doing, what a hard task it has been from ancient times until now to assure the mass of the people a fair measure of the good things of life.

In accordance with your suggestion, I have talked at some length with Mr. Steinhardt and shall have some further talk with Mr. Long and am discussing with the Foreign Personnel Board methods that may be employed for improving our Service abroad.

With great respect and warm best wishes for you always, I am

Yours very sincerely,

Enclosures:

Letter from Ambassador Dodd and copy of speech.

The President
The White House.

[PSF, Dodd]

Enclosures to
letter to the President
from Assistant Secretary
R. Walton Moore.

Addressed to be de
livered before American
Historical Association,
Washington, D. C., December
27, 1934.
William F. Dodd

Ps F: Dodd

THE EMERGENCE OF THE FIRST SOCIAL
ORDER IN THE UNITED STATES.

I

There have been two conscious or unconscious social orders in the United States, where another great crisis is now forcing men to re-examine the philosophies of their predecessors. The first of these began with the Stuart Restoration and ended in 1865; the second emerged slowly between 1823 and 1861, took definite economic form in 1865, and reached the acme of its power, if not its end, in 1929. There are many serious thinkers in the American intellectual realm today who feel that a third social order is slowly emerging, that democracy is going to be tried at last on a national scale. Hence it may not be out of order to describe and assess the first phase of the old Plantation life which began when the Clarendon Code was applied to England, assumed a more dogmatic and arbitrary character soon after a clever New Englander showed the South Carolinians how to make a thousand bales of cotton grow where one had grown before, and came to its tragic end when Robert E. Lee surrendered at Appomattox.

If one would understand the making of the social and cultural life of the Old South, he must study the troubled Europe from which our model-setting ancestors came during the seventeenth century. There the wars for religious liberties were paralleled by the economic and social disasters due to the incoming shiploads of gold and silver from Central and South America. And while wars created artificial markets that suddenly collapsed, and the discovery of vast stores of the precious metals upset the value standards of the time, the rapid growth of English industry and drastic changes in agricultural life added to the social chaos from which hundreds of thousands of the more ambitious unemployed of western Europe escaped to the stormy islands of the West Indies or the dangerous forests of North America. The common man of the Stuart and Bourbon absolutisms was in a worse plight in 1607 and 1660 than his successor of our day; and it was the common man of the seventeenth century who set the patterns of life for which most Americans^{1.} and most western Europeans sadly contend today.

II.

During the first fifty years of British dis-

1. Eden, Sir Frederick: The State of the Poor, in three volumes published in 1797, gives ample information.

coveries and settlements in North America, Bacon and Coke, Hooker and Sandys, Hampden and Milton, Lilburne and Baxter, Hobbes and Locke argued, wrote, quarrelled and fought over every principle of religion, self-government and personal freedom known to mankind. Although newspapers were already in existence, forty thousand pamphlets circulated among the English people during the first half of the seventeenth century. Rarely has there ever appeared in so short a period so many men of high intellectual ability and moral integrity - never quite so many ready to die for their ideals. Even the illiterate of the mid-seventeenth century must have known a good deal about the everlasting problem of equitable government.

From the turmoil of Stuart England there came hundreds of entrepreneurs who hoped to build on the protected peninsulars and islands of the North American mainland ducal and manorial estates like those which had been the models in European economic and social life for five hundred years. When all Europe took to smoking and chewing tobacco, when sugar came to be of common use about 1650, the opportunities of grand-scale

agriculture were most appealing to the more ambitious emigrants. However, it was not easy to persuade unemployed folk - more numerous in proportion and more helpless then than now - to migrate to and become workers on the proposed manorial estates. Storms and strange diseases caused the death of one-fourth of all those who ventured to cross the Atlantic in hundred to two hundred ton ships; and more than a fourth of those who settled in Virginia and Maryland died within two years. Thus it was only the bravest and most self-respecting of the unemployed who yielded to the persuasions of entrepreneurs and ship captains to migrate to North America.

The terms on which the poorer freemen and the unemployed of England agreed to cross the dangerous Atlantic were vital elements in the makeup of the early North American character. Most men and women who went to the Chesapeake Bay country between 1620 and 1680 stipulated that they would take the risks and become indentured servants for five or six years only on definite terms. And entrepreneurs who controlled vast areas of land, like the second Lord Baltimore or the lesser Claibornes and Willoughbys of Virginia, were glad to meet these demands. They paid six pounds each

for transportation of servants to their new destinations and signed contracts in which they promised indentured workers, at the expiration of their terms, a tract of land, a new suit of clothes, a heifer, two pigs, firearms and the simpler farm implements. These were basic conditions upon which the majority of white people became citizens of the North American colonies from Maine to Georgia. Nor can these people be regarded as poor ne'er-do-wells, as so many historians have seemed^{1.} to think.

With these guarantees in black and white, the would-be manor lords of Virginia and Maryland were sure to meet with difficulties. Indentured servants were crowded into little cabins on their masters' estates; but with vast stretches of Indian lands not far away, these workers were not disposed to become submissive serfs. If treatment was rough, pressure too great, and marriage among the servants punished too severely, they ran away to the frontier where they could hunt and fish for a living and buy lands

1. Clark, G.N.: The Later Stuarts, 1660-1714, p. 25, shows that in a population of 5,500,520 there were 1,400,000 with incomes of £6 to nothing a year. From other evidence I am of the opinion that there was nearly a million unemployed after 1661, except in war time.

from the Indians for bagatelles; and such great numbers of servants did run away that more laws were enacted on that than any other subject during a period of thirty years. But the laws could not be enforced effectively where half the population sympathized with the runaways; nor were the punishments of runaways so severe as the law prescribed when vestrymen of the churches and justices of the courts were often ex-servants. Thus the plantation areas were unruly democracies.

Nor was this all. The Chesapeake Bay lands did not produce good tobacco more than five or six years in succession, save perhaps on limited river fronts. Consequently, permanent attachment of less ambitious workers to the soil was not possible. Plantations were always moving and changing. The masters of a few great estates lived in fair sized houses on river banks during the second half of the seventeenth century; but a far greater number of planters were constantly migrating westward or southward. Moreover, the downward trend of prices, except in the short period of uncontrolled British trade, 1642-1660, made

1. Henning, William Waller: The Statutes at Large of all the Laws of Virginia, II., especially for the years 1660-1670.

the entrepreneur's and the manor lord's status quite uncertain. The guarantee of lands and freedoms to indentured servants defeated the formation of the stratified social order which was thought necessary. Although there was the appearance of religious discipline and control in Virginia, it was only an appearance. People were not compelled to attend church. The Bishop of London might name pastors to vacancies, but the salaries and terms of service depended on local vestries popularly elected. Everybody was required by church decrees to bury their dead in consecrated ground; yet many if not most landowners buried deceased members of their families in their gardens or on cherished hilltops. And, although the Prayer Book of James II's time was supposed to express every man's creed, quite a third of Virginia church members were dissenters or deists at heart. Thus prospective homesteads for all who wished them, the right to elect assemblies and freedom of religious beliefs and conduct, that is, self-guided democracies,

1. Wertenbaker, Thomas J.: Patrician and Plebian in Virginia, 1910, gives a good account of social classes in Virginia during the 17th century.

defeated all efforts before 1660 to set up a landed social order reflective of the reactionary ideals of the well-to-do. However, when the clever Edward Hyde and George Monck maneuvered Charles II back to his father's throne, one more grand effort was made.

III.

There has rarely been a group of leaders who so seriously shifted the course of modern history as did the little clique who surrounded Charles II from the summer of 1660 to the autumn of 1667. Only three of them, Edward Hyde, Earl of Clarendon after the Restoration, Ashley Cooper, Earl of Shaftesbury after 1673, and John Lord Berkeley, brother of the Virginia Governor, were of high aristocratic stock. The others were self-made men who knew even better than Clarendon and Shaftesbury the art of personal aggrandizement: George Monck, Earl of Albemarle, Henry Bennet, Earl of Arlington, Sir George Carteret, one-time pirate and the "richest man in England," Sir George Downing of Harvard College, and two merchants,^{1.} Martin Noell and Thomas Povey. Nearly all of these

1. Burnet, Thomas; Bishop of Salisbury: History of His Own Time, 1818, Vol. I, Book II, gives contemporary appraisals of these characters. The Dictionary of National Biography (British) gives corrective facts.

were members of the Privy Council and thus guided the policy of the Crown; these controlling members of the Council were also the masters of His Majesty's famous Board of Trade and Plantations which worked out the new British colonial and commercial programme; they likewise dominated both the East India Company and the new African Slave Trade corporation, in which the Duke of York and the King's "devoted" sister, the Duchess of Orleans, were heavy stockholders. Every important political and economic interest of Restoration England was thus under the control of eight intimates of His Majesty who were "interlocking" ^{1.} directors of one political and three commercial boards.

Their purposes were clearly revealed in the Clarendon Code of 1662-65, which decreed a complete surrender of all dissenters to the State Church, dismissed at a single stroke twelve hundred clergymen, cast such men as John Bunyan and Richard Baxter into prison and sometimes executed groups of religious or political opponents who refused to surrender. If

1. Andrews, Charles M.: British Committees, Commissions and Councils of Trade and Plantations, 1622-1675. - 1908, gives valuable information on this subject.

church folk held private meetings, they were expelled from the country and subject to execution if they returned. The next items of the control programme were included in the Navigation Acts of 1660 and 1663: according to these, all British commerce was subjected to the strictest regulation. No ship could sail the seas unless two-thirds of its crew were British sailors. No sugar or tobacco from any of the plantations might be sold to other than English merchants, who demanded and enjoyed a monopoly of the home market; and His Majesty laid taxes on these colonial imports two to four times as high as the returns paid the original producers. French wines and silks might not go to any American colonists except through English hands; and no Dutch slave ship might enter plantation harbors. No one was allowed to take money out of England, except a few travelers; and no colonials might buy or sell commodities to French or Spanish neighbors, who paid them in silver or gold. In 1662 the African Slave Company began its efforts to drive the Dutch slave traders off the West Coast of Africa.¹ And to complete the process and

1. Beer, George Louis: The Old Colonial System, 1660-1754, Vol. I, gives full account of laws of trade and navigation.

avoid domestic interference, the House of Commons, composed of the King's friends, was to be adjourned from session to session and no elections were to be permitted except to fill vacancies, and these were to be carefully managed. To defeat Dutch interference, a pact was made with the emerging Louis XIV, kinsman of Charles II, and treaties were negotiated with Spain and Portugal which gave England control of the entrance to the Mediterranean, ownership of Bombay and free access to Latin American ports. Would the elaborate programme succeed and all the settlements of New England, the South, and the West Indies be brought into complete subordination?

IV

Sir William Berkeley, most eminent of all the plantation governors, was in London from the early summer of 1661 till the autumn of 1662, instructed and highly paid by his people to resist all commercial restraints upon the tobacco planters. He lived with his elder brother, Lord John, and could hardly escape the influence of another brother,

Lord Charles, or ignore the confidential relations of three other kinsmen of the same name with the Catholic Duke of York and the aging Queen Mother, Henrietta Maria. Before he departed he received a gift of £2,000 from the King and was made one of the eight lords proprietors of the vast territory between Virginia and Florida, the other leading proprietors being Lord John Berkeley, Albemarle, Carteret, Clarendon and Shaftesbury. The domain was to be divided into 48,000-acre tracts, each presided over by a Landgraf of ducal rank who was to subdivide his domain into manors of 12,000 acres each. Sir William, who already owned tracts of land in the region, was made temporary supervisor and authorized to appoint a governor of the dissenter settlement soon to be known as Albemarle. About a year after Sir William's return, Lord John Berkeley was made joint overlord of New Jersey, with Sir George Carteret as his partner. Two years before the South Carolina settlement was made, Thomas Lord Culpeper and two or three other favorites of the governing clique were granted

the six-million-acre area between the Rappahannock and the Potomac rivers. In 1673 Culpeper was promised the governorship and made feudal lord of Virginia. As the joyous Berkeley returned to his post on the James River, Charles Calvert, eldest son of the second Lord Baltimore and Governor of Maryland, was already trying to cure the persistent democracy of the Maryland palitinate. Thus the democratic settlements from the Hudson to the St. Johns rivers were to be feudalized and fitted into the marvellous structure which Clarendon and his fellows had organized.

But the Navigation Act policy had reduced the price of tobacco from two-pence to a half-penny the pound. This half-penny tobacco was matched by a similar decline in the price of sugar all over the West Indies, where twenty years of free trade had given all the mainland colonists high-priced markets for their minor products, including meats, lumber and barrel staves. The Restoration, the repudiated debts of the Cromwell régime and the drastic commercial controls produced a terrible depression in