

PARLIAMENTARY DEBATES.

HOUSE OF LORDS.

MONDAY, 7TH MARCH, 1921.

Vol. **44.**—No. **9.**

OFFICIAL REPORT.

[UNREVISED]



CONTENTS.

QUESTIONS—Hungarian Peace Treaty.
Conditions in Austria.

No proofs of the Daily Reports are sent. Any corrections which Peers desire to suggest in the report of their speeches for the Bound Volume should be indicated in this Daily Report, and the copy of the Daily Report containing the corrections suggested must be received by the Editor of Debates, House of Lords, within fourteen days of the date of the Debate.

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HOUSE OF LORDS.

[From Minutes of March 3.]

The Lord Terrington—Sat first in Parliament after the death of his father.

The LORD CHANCELLOR acquainted the House, that the Clerk of the Parliaments had laid upon the Table the Certificate from the Examiners that the further Standing Orders applicable to the following Bill have been complied with :

Lochaber Water Power—(Substituted Bill).

Also the Certificate that the further Standing Orders applicable to the following Bill have been complied with :

Tending Hundred Water and Gas [H.L.].

The same were ordered to lie on the Table.

SOUTHEND WATER BILL. [H.L.]

Committed : The Committee to be proposed by the Committee of Selection.

FALMOUTH DOCKS BILL. [H.L.]

Committed for Tuesday next.

NORTH EASTERN RAILWAY BILL. [H.L.]

Committed : The Committee to be proposed by the Committee of Selection.

WESTMINSTER CITY COUNCIL (GENERAL POWERS) BILL. [H.L.]

Committee to meet on Tuesday next.

NORTH EASTERN RAILWAY BILL. [H.L.]

Report from the Committee of Selection that the five Lords appointed a Select Committee on the Oxford Electric Tramways Bill [H.L.] and other Bills do form the Select Committee for the consideration of the North Eastern Railway Bill [H.L.]; read, and agreed to : All Petitions referred to the Committee, with leave to the Petitioners praying to be heard by Counsel against the Bill to be heard as desired, as also Counsel for the Bill.

[From Minutes of March 4.]

HOUSE OF LORDS OFFICES.

First Report from the Select Committee made and to be printed. (No. 14.)

(D 1446)

HOUSE OF LORDS.

Monday, 7th March, 1921.

The House met at a quarter past four of the clock, The LORD CHANCELLOR on the Woolsack.

WANDSWORTH, WIMBLEDON AND EPSOM DISTRICT GAS BILL. [H.L.]

Read 2^a.

STANDING JOINT COMMITTEE ON INDIAN AFFAIRS.

Message from the Commons : That they have considered their Lordships' Message relative to India, and do agree with their Lordships therein.

CONSOLIDATED FUND (No. 1) BILL.

Brought from the Commons ; read 1^a, and to be printed.

LORD HYLTON : I beg to inform your Lordships that it is necessary to pass this Bill through all its stages to-morrow in order that it may then receive the Royal Assent, and I formally give notice that to-morrow the Leader of the House will move that Standing Order XXXIX be considered in order to its being suspended for that purpose.

HUNGARIAN PEACE TREATY.

LORD NEWTON rose to ask whether His Majesty's Government have ratified the Hungarian Peace Treaty, and whether their attention has been drawn to the action of the Serbian authorities in the occupied districts of Hungary.

The noble Lord said : My Lords, those persons who take any interest in Hungary, of whom unfortunately there are very few, are aware of the fact that considerable difficulty was experienced in getting the consent of the Hungarians to the terms of the Treaty, and that there was even greater difficulty in obtaining the ratification. Finally, great pressure was put upon the Hungarian Government by the Allied Powers, and they were eventually given, I think, three or four days in which to ratify, under pain of very severe penalties if they failed to comply. The Hungarians, being unable to resist any longer, ratified

the Treaty on November 13, or November 15, of last year.

In the Hungarian Treaty—in Article 364 I believe—it was laid down that the deposit of ratification was to be made in Paris as soon as possible. It is a surprising fact that in spite of the extreme pressure which was put upon the Hungarians to accept and to ratify the Treaty, that Treaty has not yet been ratified by the British Government, or, so far as I know, by any other Government, with the exception of the Italian. I believe it is the case that the Italian Government have ratified the Treaty, and that the ratification of the Japanese Government is on its way. I have heard, too, that it is the intention of the French Government to ratify shortly. But what the intentions of His Majesty's Government are I do not know. To me it is a very surprising fact that, having put all this pressure upon the Hungarians, the Powers themselves should not have ratified the Treaty at the earliest opportunity, and it stands to reason, the Treaty not having been ratified, that it is impossible properly to resume relations with the country. I suppose we are still in a state of war, nominally or theoretically, with Hungary. They have no representation here, and obviously that circumstance must retard a settlement. I do not know the cause of the delay on the part of His Majesty's Government, or whether or not the assent of Parliament is required. I do not know the circumstances. But I hope, at all events, that my noble friend will be able to assure me that our ratification of the Treaty will be given as soon as possible.

The other part of my Question relates to the occupation of a portion of Hungary proper. The portions occupied by the Serbian troops at this moment are the district of Baranya and the town of Pecs; and, unfortunately for the Hungarians, this is practically the only district in which there is still any coal left. This district is in what I may call the new Hungary; that is to say, the reduced Hungary. There is no question of its ever passing into the possession of any other Power. I am aware that under the Armistice terms the military occupation of this district was authorised, but in flagrant and impudent violation of those terms, the Serbian Government have set up a civil administration and, not content with having acted in this illegal and arbitrary manner, they have set up what is practically a

Lord Newton.

Bolshevik administration, the object of which is not only to alienate the district, if possible, from the so-called White Government of Hungary, but also to afford a refuge for all the ex-Bolsheviks and Communists who were expelled from Hungary. It is a singular fact that, whereas the Serbian Government is doing its utmost to foster Bolshevism in this particular region, it suppresses it with an iron hand at home. Bolshevism is regarded by the Serbians in exactly the same spirit as it is by the Germans—namely, as an article for export only—and they absolutely refuse to tolerate anything of the kind within their own boundaries.

The result of this illegal and arbitrary action is that the unfortunate Hungarians are not even left in possession of the whole of their greatly diminished territory, and it is a discreditable fact that, so far as one can observe, this illegal occupation has been tolerated merely for the purpose of enabling the Serbian authorities to appropriate Hungarian coal. I want to ask the Government by what right the Serbian military and civil occupation of this portion of Hungary still continues. The Armistice has been superseded by the Treaty. There is nothing in the Treaty authorising an occupation of any part of Hungary proper, although it is laid down that any occupation which takes place must be paid for by the Hungarians themselves. If Hungary was a dangerous country this attitude might be easily intelligible, although it would be distinctly immoral. But there is no question whatsoever of danger. Hungary is a mutilated semi-bankrupt State which has lost two-thirds of its population and two-thirds of its area. Nobody could possibly contend that Hungary is dangerous to anybody. So far from being a danger to any other Power, Hungary is in the position of a potential victim which might suffer from the insatiable land-hunger of her neighbours.

I would like to recall once more all that Hungary has suffered. The Hungarians have not only suffered, as I have already pointed out, the loss of two-thirds of their population, two-thirds of their territory, and the greater part of their industrial resources, but they have suffered from a long period of Bolshevism which is the greatest affliction that can befall anybody. They have also suffered from a prolonged and equally illegal Rumanian occupation,

which undoubtedly cost them more than the German occupation cost the Belgians. I cannot help commenting upon the extraordinarily friendless position which this unfortunate country occupies amongst ex-enemy Powers. All other ex-enemies still find friends in this country, who are not afraid to stick up for them. Take the case of Turkey. There are plenty of people in this country at the present moment, who are urging the revision of the Treaty of Sèvres in favour of Turkey. Take, again, the case of Bulgaria. The Bulgarians have plenty of friends here who are only too anxious to restore to them some of the territory which, quite legitimately, was taken away from them. Austria, again, is not wanting friends in this country. Having effectually mutilated that country, there are many people here who realise that it has got to be helped by us if it is to exist at all. Take, finally, the case of Germany. Whatever difficulties may arise between the Allies and Germany, whatever the question may be, you will always find people in this country ready to contend that the Germans have rights like anybody else, and to support their claims. It is a curious fact that, whereas all these ex-enemy countries find apologists and friends not only in Parliament but in the Press, not a single word has ever been heard in favour of the most innocent of the ex-belligerents—namely, Hungary—except a few expressions which are occasionally dropped in this House.

In one most important and influential section of the Press an unrelenting campaign is maintained against this unfortunate country. In another section of the Press no excuse is ever allowed on behalf of the countries who fought against us. In a third section, in the Liberal Press—which, I regret to say, one sometimes has to search in order to find common-sense written about the Treaties concluded at Paris—you will equally find nothing in favour of the unfortunate Hungarians, because the Hungarians have the singular taste to prefer a monarchical to republican institutions. As for the Labour Party and the Pabour Press in this country, they have actually gone out of their way to instigate and take part in an international boycott of this semi-bankrupt and ruined country. I say without hesitation that a country like Hungary, which treated British subjects better than any country which took part in the war against us, is deserving

of better treatment than it is receiving at the present moment. And I go further, and confidently express the opinion that it is sound policy, not only for us but for the Allies, to enable this country, if possible, to recover its economic prosperity and to fulfil the function for which it is obviously designed—namely, to act as a kind of barrier against the ever-threatening danger of Bolshevism which confronts us in Central Europe.

LORD SYDENHAM: My Lords, I agree with every word which has been uttered by the noble Lord. I regard the case of Hungary as one of several great tragedies of the Peace, the effects of which will endure when the war tragedies have passed away. After a territorial unity of, I think, nearly a thousand years Hungary has been suddenly deprived of two-thirds of her area, and outside that new Hungary is some of the best blood of Hungary, distributed arbitrarily among one new State and two States newly enlarged. I am certain that this people will never permanently submit to the alien rule under which they have been placed. It was stated, I think, by the Government that there would be a Commission of Inquiry which would delimitate finally the frontiers, and which would take into consideration racial distinctions. I do not know whether that has been done, but I feel certain that the map of Europe cannot possibly remain permanently as it now stands.

As soon as the exhaustion due to the war has passed away there will be insurrections of Hungarians who desire to rejoin their Fatherland; insurrections with which it will be very difficult not to sympathise most warmly. The Peace Conference seems only to have taken into account the economic necessities of the countries which it carved out of the map of Europe. Hungary is not only cut off from many of her finest sons, but deprived of territory necessary to her existence, and of some great railway centres which I believe to be her right. But that is not all that Hungary has suffered. As the noble Lord has pointed out, from March 21 to August 1, 1919, Hungary was subjected to a most appalling Red Terror carried out by Bela Kun and his brother Jews. The outrages they committed, faithfully imitating their confederates in Russia, were shocking to the last degree; and the curious thing is, that we heard nothing of the Red Terror.

But as soon as there was a revolt of Hungarians against these shocking atrocities, Europe and America were treated to a strong propaganda directed against the so-called White Terror. And that is why Hungary is friendless. I trace it entirely to the very powerful and very expensive propaganda which was carried on. Our own working classes were actually ordered to note the ruthless severity of the Hungarians in suppressing these Bolshevist friends of the people.

If the Hungarians had not acted in that way and had not put down this foul rebellion, they would have been unworthy of their great past. If the Russian peasant soldiers had behaved as did the Hungarian peasant soldiers then Christianity might have been restored to Russia, and that country might again have been opened to peaceful trade. His Majesty's Government most wisely ordered an Inquiry into this so-called White Terror, and published the results last year. Our representative at Budapest reported—

"There is nothing in the nature of a Terror. It is in no little degree remarkable that it has been possible to impose so much restraint on a hot-blooded nation whose misfortunes were brought to a final pitch by the action of the Bolshevist regime."

Then Brigadier-General Gorton, who is the head of our Military Mission at Budapest, stated—

"No other nation in Europe would have exercised so much restraint towards its torturers as the Hungarians have done."

That is a strong tribute to the moderation of the Hungarian people in dealing with the scoundrels who tried to govern them. What must have maddened the Hungarians was the treatment of their women, which followed closely upon that of the Russians under Lenin and Trotsky. I need hardly say that the truth, as published by the Government, never overtook the propaganda. It never does, and at the present moment there is nothing so difficult to ascertain as the real truth about anything.

Then followed the irruption of the Rumanians into Hungary. When they retired they carried off pretty nearly everything upon which they could lay their hands, and left a great many Hungarian farms absolutely devastated. The noble Lord referred to the proceedings of the Serbians in the occupied territory. I had not heard of this matter before, but from the atrocities which the Serbian troops,

Lord Sydenham.

under orders I suppose from Belgrade, committed in Montenegro, and the destruction of 250 Moslem villages in Bosnia, I am not the least surprised at what the noble Lord has just stated. It has been said that Hungary desires to have a King, and that the Entente Powers oppose the wishes of the Hungarian people. I do not know if this is true; but if it is, by what right does anybody interfere with the free will of the Hungarian people? And why should we, of all people, oppose the wish of the Hungarians to select a Monarch of their own?

There is another tragedy of the Peace which is, perhaps, more cruel than that of Hungary. I allude to the fact that the Sovereign State of Montenegro has been destroyed and its lawful King deposed by the Serbian military forces, acting presumably with the acquiescence of the Entente Powers. The King has died broken-hearted and in poverty, after receiving pledges, explicit pledges, from the President of the United States, the President of France, and from two British Prime Ministers, the terms of which I read to your Lordships not long ago. I should not be in order in referring to this tragedy to-day, but I think that there are points of resemblance between the case of Hungary and that of Montenegro. After a glorious independence of 500 years, Montenegro was attacked by a bitter and relentless propaganda, carried on at great expense and with great effect. It would be interesting to know whether the inspiration in both cases came from the same source. There is also the tragedy of the poor Heligoland. I hope the noble Earl will be able to say that to relief to its rightful grievances Hungary is not absolutely debarred. If some relief is not given, we can count on the certainty of prolonged troubles in the future. We cannot expect an intensely patriotic and high-spirited people to accept indefinitely the expulsion of its Nationals and the deprivation of its birthright by an edict from Versailles.

THE CHANCELLOR OF THE DUCHY OF LANCASTER (THE EARL OF CRAWFORD): My Lords, it has unfortunately, so far, been impossible to find time to pass the Bill giving effect to the provisions of the Treaty of Trianon. Lord Newton will appreciate the fact that legislation is required before that Treaty can come into force.

LORD NEWTON : Why ?

THE EARL OF CRAWFORD : I presume it is the decision of the Government draftsmen that the powers are inadequate as they now stand, without further powers being conferred by Parliament. The Bill, in point of fact, has been drafted. It was confidently hoped that an opportunity might have been found to have passed it last Session, but owing to the pressure of business it was impossible to do so. It is hoped that the Bill may be introduced into Parliament at an early date now, though, with the time of Parliament, especially in the other House, fully occupied with financial business, it is impossible to forecast a definite date for the measure.

Let me refer to the question of the occupation of the Serbian troops, which arises from Article I of the Military Convention between Hungary and the Allies, signed at Belgrade on November 13, 1918. Under that Article the Hungarian Government undertook to withdraw their troops north of a certain line, and the Allies were authorised to occupy the evacuated territory. The Treaty of the Trianon, which defines the Hungarian frontier, lays down a frontier which in places passes to the south of the line traced in the Military Convention. The Treaty not having come into force, Yugo-Slav troops, which effected the occupation of the territory evacuated under the Convention, remain in occupation of portions of the territory assigned to Hungary by the Peace Treaty. As my noble friend indicated, the principal points so occupied are Pecs, Baja, and Szeged. The Yugo-Slav occupation thus has a legal basis pending the entry into force of the Treaty of Peace with Hungary.

My noble friend complained about the action of the Serbian authorities. I can assure him that since the ratification of the Treaty by the Hungarian Government there have been no serious complaints of the action of the Yugo-Slav authorities, although it is natural that, owing to the changes of Government in Hungary and the confusion arising from the Communist régime, difficulties should have arisen. The entry into force of the Treaty as soon as the ratifications of the three signatories and of Hungary are deposited in Paris, will be the signal for the withdrawal of those troops from the occupied area. It is

hoped that the Treaty will come into force a few weeks hence. Meanwhile, an Allied officer appointed by the Inter-Allied Military Commission in Budapest has been resident for some time in the occupied area, and reports are sent home to the Government on the situation there.

LORD PHILLIMORE : My Lords, I confess I am somewhat surprised at the answer which the noble Earl, no doubt under instructions, has made to your Lordships' House. It is, of course, the privilege of the Executive, and the duty of the Executive, to sign and to ratify Treaties. It may be, though I cannot quite see why it should, that this Treaty with Hungary will require legislation to carry it into effective force, and therefore it may be impossible to ratify it till a Bill has gone through Parliament. Did anybody in the history of the world ever hear of a Treaty, which was agreed to months ago, being delayed in its ratification because domestic legislation had not been passed? I remember, during our discussions on the Government of Ireland Bill, that the noble Earl who leads the House referred, as a reason for getting on with the Irish question, to the fact that we should soon be at a state of complete peace, and that we must hang up ratification of the Treaty with Turkey for fear that we should be at peace and the old Home Rule Act would come into automatic operation. I never remember his mentioning the case of Hungary, and in my innocence I thought, till I saw the Question put down by the noble Lord, that the Treaty with Hungary had been ratified, as, I must say, it seems to me it ought to have been ratified, months ago.

LORD NEWTON : My Lords, the answer of the noble Earl seems incredible, and I think that I must have misunderstood him. The impression left upon my mind is that an illegal state of things exists—a state of things which is admitted to be illegal. Is it possible that this illegal state of things is going to be allowed to continue because we have not got the time to ratify the Treaty here? That seems to me an incredible position. I cannot help thinking that the real fact is that if the Treaty is ratified by three Powers, leaving Great Britain out of the question altogether, this position will come to an end. I should like to be reassured upon the point. But if this really depends upon

our being unable to get a Bill through Parliament it is about the most discreditable episode that I can recollect.

THE EARL OF CRAWFORD: I think my noble friend has misheard me. The Yugo-Slav occupation, I stated, has a legal basis pending the entry into force of the Treaty of Peace with Hungary.

LORD NEWTON: Exactly, until we ratify it.

THE EARL OF CRAWFORD: I am afraid I cannot answer Lord Phillimore without further notice. It is quite true there has been a delay, as we all know, but I think nobody ventures to criticise the Government on the ground that they have spared themselves, or have avoided trouble, in trying to bring these matters to an issue. Everybody knows that the pressure of business has been not only continuous but absolutely unremitting from the day of the Armistice. When twenty-five countries have been at war unprecedented difficulties arise in making a settlement. It is a far more serious thing than at the conclusion of normal wars in which two, or three, or five countries may have been fighting. In this case twenty-five or thirty countries were belligerents, and the complication of the settlement has been all the more overwhelming. I will make inquiry upon the question raised by my noble and learned friend as to why legislation is required. My first idea is that it is necessary because the Parliamentary and legal draftsmen say that the Government have not the necessary powers without the intervention of Parliament. It may also be perhaps that the Government thinks it is a matter on which Parliament should be consulted.

LORD PARMOOR: May I say this in answer to the noble Earl?—

THE EARL OF CRAWFORD: I have already spoken a second time by the leave of the House, and I ought to point out that I cannot speak again.

LORD PARMOOR: Yes, but I am entitled to speak myself, and I intend to exercise my right. The reason why these Treaties have to be considered by Parliament is that they deal with the question of the confiscation of the property of enemy nationals. That was laid down also

Lord Newton.

as regards the German nationals. It is not that the Treaty itself requires ratification, because the power to make a Treaty in this country rests, not with Parliament but with the Executive. But when you have Treaties which deal with the confiscation of private property it is essential to have legislative authority.

CONDITIONS IN AUSTRIA.

LORD PARMOOR: My Lords, I now desire to call attention to the actual conditions in Austria, and to ask whether proposals to assist Austria have been made by the Reparation Commission, and, if so, what is the prospect that these proposals will be adopted and carried into effect. I want to draw attention to what I may call the peace tragedy in Austria. With regard to what Lord Newton has said, I think there are a large number of people besides those whom he has mentioned, who are interested in the Hungarian question and feel very much what he has stated in reference to that question. But that, of course, is not the matter upon which I am going to address your Lordships.

The general conditions in Austria, to which I propose to call attention, are matters of notoriety, and I do not think it is necessary to dwell at any length upon them. There has been a gradual diminution of the margin of food continuously during the last two years, and a gradual nearing to the precipice which means financial bankruptcy and ruin to Austria and the Austrian people. What Mr. Hoover, nearly two years ago, called the "condition of a perpetual poorhouse" in Austria has actually deepened into the condition of a poverty-stricken workhouse. Sir William Goode's last Report, so far as I know, has not been published, although, as I shall point out presently, the indications, in his view, and in the view of the Reparation Commission, are that affairs in Austria are gradually becoming more difficult, and more disastrous.

I will call your Lordships' attention to Sir William Goode's Report for the year 1919, which is the last official Report, so far as I know, that we have as regards conditions in Austria. He said—

"For the first time in my life I found a whole nation, or what was left of it, in utter hopeless despair."

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That was reported by the Chairman of the Reparation Commission, a man resident in Austria, the head of the British Mission in Austria, and with greater knowledge of Austrian conditions than any other person who was not himself an Austrian. He said, further—

“ I reiterate the urgent need of substituting for relief— ”

That is, temporary measures of relief—

“ some comprehensive scheme of credits in order to remedy the situation I have endeavoured to project.”

I am quite sure that no one who has studied what Sir William Goode has said can come to any other conclusion than that unless something is done immediately conditions in Austria will become appallingly disastrous. “ Appalling ” is the word which Sir William Goode uses in the report to which I have referred.

I will give one or two illustrations to show how conditions stand at the present time, and I have had information to-day which shows that what I have said is accurate. In normal times the exchange, as we know, is 24 or 25 kronen to the franc. Ever since the time of the Armistice there has been a steady depreciation in the value of the krone. There has been some fluctuation, but on the whole the deterioration has been constant, and the result is that to-day, as a matter of exchange, about 3,000 kronen go to the franc. That shows that the paper krone at the present time is practically valueless. Indeed, what the Austrians themselves fear, and economists who have studied the question fear, is that the krone will become absolutely valueless, and that the people of Austria will have no purchasing power. Of course, if that time should arrive, you will have a condition of absolute financial and industrial collapse.

Various economists have studied the question of Austria with great care. I think all of them have come to the conclusion that it is urgently necessary that something should be done as soon as possible, and they have all agreed with the opinion of Sir William Goode that mere relief, apart from the permanent condition of restoration, only intensifies the evil which the relief measures are intended to help. The estimate that I have seen more than once is that a sum of about £50,000,000 or about \$250,000,000, spread over a period of five years and utilised in accord-

ance with suggestions made by economists, would be sufficient to tide Austria over her bad time; and in their view, if that were done, she would become solvent and prosperous again in the future. That I know from intercourse which I have had with some of our largest bankers. In their opinion the position of Vienna is such that if you can tide Austria over the immediately bad times you might expect the restoration of Austria's financial prosperity in the future. Before I come to the question of remedies for the difficulties of the present position I might give one further illustration. No doubt the noble Earl (Lord Crawford) is aware that on March 31 of this year £250,000 becomes due from the Austrian Government in respect to private debts. Under existing conditions there is not the smallest prospect of payment. It is not that the Austrians wish to avoid payment, but it is impossible for them to pay. It is impossible to pay in this paper currency, and, with regard to the gold in Austria at the present time, it is not available. The gold in Austria is small in quantity, but such as it is, it is really held on behalf of the Austro-Hungarian Bank, and is held for allocation between Austria and other constituent countries. From every point of view you find this country so decadent financially that it is quite impossible for her to meet the smallest obligation which the Treaty of Peace has placed upon her.

The latter part of my Question is to ask whether proposals to assist Austria have been made by the Reparation Commission. I have heard of three methods only which have been suggested by which conditions in Austria can be made more prosperous, and the economic condition of the country restored to the normal standard. Anything more terrible than the present condition of affairs can hardly be conceived. One scheme which has been advocated is the re-creation of a commercial union amongst the old members of the Austrian Empire. It is regrettable that no steps were taken at the time the Treaty was signed, in order to ensure some measure of fair interchange between these countries, which are suffering from their isolated positions and the dislocation of the commercial relationships which were set up during the old Empire, and which worked well because the whole railway system had been laid out with a view to the interchange of traffic between those countries.

One has to meet this difficulty. In the first place there does not appear to be any immediate desire on the part of some of those countries to re-create the commercial relationship one with another. I think what Sir William Goode said a year ago is probably true now—namely, that whatever efforts had been made, nothing had been brought into operation as regards interchange between the countries, owing to various causes and frictions which kept them too far apart. The words which he used with regard to the attempt to re-create relationship were these—

“The practical result of indefatigable work on the part of the British Relief Mission towards arranging contracts has been disheartening.”

That is the statement in his last public Report, and if one may supplement that by information which I have received from Austria the condition of affairs would appear to be no better at present than it was then. Whatever may be the necessity for re-creating in some form the commercial relationships between the various countries, so far no practical advance has been made.

The second proposal is that which was said to be advocated by the Reparations Commission, and to depend on the re-establishment of stability of exchange as between Austria and other countries. I understand that international credit would really work in this way. It does not mean necessarily that the country would incur any immediate liability. The noble Earl smiles, but I can tell him that such is the opinion of some of the leading financial people in this country. There is difference of opinion I dare say, but this is a view which I have heard expressed more than once and I have had the opportunity of discussing the point with a great many financial experts. I do not say that they are experts in the ordinary sense, but great bankers of this country, people who are more eager than anyone to get economic restoration and to improve the financial condition of this country, particularly in the direction of unemployment. This cannot be done unless these commercial questions are approached in a friendly spirit. The proposal which I have seen is that you are to have international credit with the money raised in the ordinary way from investors and that the conditions of Austria will allow its repayment, if you can tide over the next five years,

Lord Parmoor.

when a sum of something like £50,000,000 to £60,000,000 is required.

My opinion on a subject of that kind would be of no value, but it is not my opinion I am expressing, it is the opinion of some of the leading financial figures in this country—international bankers, who have expert knowledge and are fully entitled to express their opinion and to state what they believe to be the best method of putting straight the terrible conditions which now exist in Austria. And after all, as Lord Newton pointed out, in the case of Hungary we have got to put these industrial conditions straight before we can have anything like financial progress in this country. You cannot at the same time have bankrupt customers and expect that your manufactures will have the same market as they had in pre-war times. It is quite hopeless to continue with eleemosynary payments in respect to unemployment and at the same time not to go to the whole basis of the question and see why it is that we have lost our market and why it is that there is no demand at present for a number of our manufactured articles. The view expressed again and again is that at any rate you might have a restoration of credit and financial stability and productive capacity in the way that I have mentioned.

I have no right, of course, to speak of private interviews, but I will appeal to what was said by the heads of nearly all our great banking institutions at their annual meetings which have just been held. One and all attributed our difficulties here to the financial disasters in Austria, Germany and other parts of Europe, not only in ex-enemy but also in Allied countries. There is really no difference between the two as regards matters of this kind; and unless we approach this question in a friendly spirit of co-operation and goodwill, and with a desire to introduce a fair measure of prosperity, no one can suffer more than this country itself. This is the country, of all countries, which is dependent on international trade, international co-operation and friendship, and if we disregard these factors, if we shut our eyes blindly to what is true on every financial ground, we shall only damage the financial condition of the country.

I was struck with another matter upon which Lord Newton remarked. I speak quite as strongly as he about Bolshevism. I do not think any words are too strong to

deprecate what is included under that term, but, quite apart from that, if you want a country to be quiet and peaceful, you do not want to have a huge amount of unemployment. What you want for the benefit of the people, for the peace and prosperity of the people, is that there should be as constant employment as possible, and as little interference as possible by all these international factions and antagonisms. There is only one other remedy that I have heard spoken of as even possible, and that, of course, would be the union of Austria with Germany. I do not say anything about that; but there are certainly obvious reasons why Austria should not be thrown into a position of that kind, because she has been left as a derelict as regards her financial and industrial position.

THE EARL OF CRAWFORD: My Lords, for the information of Lord Parmoor I will state the actual proposals, made by the Reparation Commission last November and submitted to the Allied Governments, for their participation in a scheme to assist Austria. The following were the main features of that scheme—

(1) That there should be a foreign money loan of 250,000,000 dollars to be issued in instalments over five years; the loan to be contingent upon the control of Austrian public finance.

(2) The foundation of a privileged Bank of Issue.

(3) The funding of the services of the Austrian Foreign Debt and the Debt of the City of Vienna.

(4) An internal loan guaranteed by the Entente Powers with the proceeds of the Austrian Capital Levy as security.

(5) The assurance of an additional 200,000 tons of coal and coke monthly.

(6) The development of Austria's water power by foreign capital primarily for industrial purposes, and the provision of subsidies and concessions therefor.

(7) A suggested transitory Customs Tariff.

(8) Increased production of potatoes by means of a productive credit and increased production of cereals, milk and sugar, coupled with the substitution of minimum for maximum prices and the enforcement of food restrictions.

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(9) A non-partisan Budget Commission to effect State provincial and municipal economies, and to re-arrange the Revenues of State services in order to meet the costs involved.

(10) That the Army should be reduced to a force not to exceed 5,000.

(11) Management of State monopolies and State-owned enterprises by private capital.

(12) Co-operation of labour towards increased production.

Those are the proposals which were submitted by the Reparation Commission.

At the end of last December the whole question of the relief and reconstruction of Austria was considered by the Cabinet in conjunction with certain proposals put forward by the French Government as an alternative to the scheme which I have just mentioned. It was then decided that the scheme for internationally guaranteed export credits recently approved by the League of Nations, which is known as the Ter Meulen scheme, and for which an administrator has been appointed by the League of Nations—namely, Sir Drummond Fraser—offered a better machinery for dealing with the Austrian situation than the proposals put forward by the Reparation Commission. Consultations were held with the French Government as to how far they would be prepared to go in freeing the assets of Austria from existing liens to the Allies in order to facilitate such a scheme.

The next step was the consideration of these various proposals at the meeting of the Supreme Council in Paris during January. The principal recommendations provisionally adopted by the Supreme Council at Paris may be summarised as follows:—

(1) Abandonment or postponement by the Allies of liens in respect of Army of Occupation, relief credits and reparation; the United States and other States which gave relief credit to be invited to join in this renunciation.

(2) The immediate convocation of a Conference of Austria and Successor States with representatives of the principal Allies to endeavour to promote freer trade and communications within the territories of Austria-Hungary and the Successor States.

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(3). An obligation on Austria with assistance of its financial advisers to reduce her public services, and to take steps for the utilisation of the redundant employees in productive work.

(4). Control of Austrian finances, including the issue of paper money through a Board of Financial Advisers appointed by the Austrian Government with the approval of the Allies.

(5). Examination by capitalist groups in the principal Allied countries of M. Loucheur's scheme for an industrial, commercial and banking company to operate for the economic revival of Austria.

(6). The inclusion of Austria within the scope of the various international and national export credits schemes now in operation or contemplated.

As regards the first of these recommendations; our Allies have now been asked to agree with us in postponing or abandoning liens in respect of the Army of occupation, reparation, and relief credits, while the Governments of the United States and of the other countries which have given relief credits are being invited to join us in this step. It is hoped, if agreement can be reached, that this will materially ease the financial situation so far as Austria's capacity to raise money abroad on her assets is concerned.

Again, it is hoped that a Conference of Austria and the Successor States, at which the principal Allies will be represented, will shortly be held at Trieste to endeavour to promote freer trade and communication between the countries concerned. The scheme of M. Loucheur, which I mentioned just now, for the formation of a commercial and banking company to operate for the economic revival of Austria, has been sympathetically examined by various groups of capitalists and financiers in consultation with our Board of Trade and the Department of Overseas Trade. But I understand that there is little prospect of British capital doing what Lord Parmoor confidently said it would do for promoting any such scheme, unless His Majesty's Government are willing to back it with a guarantee.

LORD PARMOOR: I said international credit.

THE EARL OF CRAWFORD: National or international. In the present circumstances, as many of your Lordships will understand, the Treasury have set their face, not only against the renewal of these credits, but against any form of Government guarantee such as would be required by the Loucheur scheme. Indeed, a guarantee is considered to be financially even more undesirable than credits, since, in the long run, it would mean that we shall have to bear the whole responsibility. Nor are the Treasury prepared to consider the submission to Parliament of further credits for Austria unless there be some indication that the other Allied Governments are prepared to take up part of the financial burden.

I cannot help recording my regret that from the beginning to the end of Lord Parmoor's speech there was not one word of recognition for what Great Britain has done for Austria during and since the Armistice. I therefore wish to recall briefly that so long ago as 1919 His Majesty's Government made a loan of 16,000,000 dollars to Austria, the French and Italian Governments making equal contributions. In addition to this His Majesty's Government in that year made a further allocation to Austria of £1,400,000. Further, under the international relief credits scheme of 1920, in which this country alone in Europe, together with the United States of America, participated, Great Britain voted a credit of £10,000,000. Of this sum £5,545,000 has already been allocated to Austria, to which country His Majesty's Government have thus advanced credits totalling in all more than £10,000,000.

LORD WEARDALE: My Lords, before this discussion closes, I may, perhaps, be permitted to point out that the answer of the noble Earl is about the most discouraging one that could possibly be given in regard to the future prospects of Austria. We all know—and I think everybody in Austria recognises—that the British Government has done a very great deal to help the unfortunate Austrian people in their present condition of distress. We are also aware that private philanthropy—I ought to call it public philanthropy—has extended help on an enormous scale to the people of Austria. Mr. Hoover, whose name I mention with the utmost respect, because he, on behalf of the Mission, has done a very great deal to help the suffering populations of Central Europe, has concentrated all his efforts upon the

City of Vienna. I can speak with some knowledge of the assistance that has been given in order to relieve the very distressing conditions which exist there.

But the truth, whether we like it or not, is that under the Treaty which the Powers have made Austria has become so small a fraction of the former State that the great Commonwealth has been practically disintegrated. Its inter-communication with the other States forming the old Austrian Empire, which was essential to its welfare, has been cut off, and Austria is left in a desolate position. The Powers, it seems to me, neglected an obvious duty when they decreed that condition of affairs, and made no kind of preparation to meet the economic distress which was logically bound to follow that situation. Austria is wholly unable, in its present situation, to maintain itself. Austria to-day is confined very largely to the City of Vienna. You have a population of over 2,000,000 who have to find sustenance out of a territory totally inadequate for the purpose, and no sort of arrangement has been made by these heaven-born statesmen who are responsible for the Treaty of Versailles, for the economic distress which has resulted. Up to this moment no kind of arrangement has been made to enable the poor people of Austria to recover from their distress, and to restore themselves to a condition of comparative prosperity. You have left them desolate and ruined.

I recall that fact only in order to point out one evil feature of the terrible Treaty, and it is this. While we went into the Council in order to establish peace on the principle of self-determination, we expressly barred out Austria from any right of self-determination. If the Austrian people, after due contemplation of their position, think that their future prosperity is dependent upon returning to their own family of Germans, they are debarred from doing so by the Treaty which we have enacted. There you have a complete denial of the great principle upon which we proceeded, and, having been placed in that unfortunate position, they now find themselves in distress, while these great benevolent Powers say: "Oh well, we are quite unable to help you. We have

given all the money we can give; you must do the best you can. The bankers will probably help you, but we do not see any way out of it." Therefore, we leave them in this situation of despair. The speech of the noble Earl, as it seems to me, is a most deplorable commentary on the situation which these statesmen have created for the world in general and which the world, as elections in this country are beginning to show, is beginning to understand.

LORD PARMOOR: My Lords, I should like to say one word in reference to what the noble Earl said. I was not dealing with the question of relief at all; I was drawing a distinction between relief and permanent restoration. I should be the last person to deny what America and this country have done. All the figures were contained in the Report, to which I referred, of Sir William Goode, who then drew the conclusion that relief given in that way only increased the malady and was no good at all as a permanent cure.

With reference to the urgency of this matter, I should like to bring to the attention of the noble Earl another point which I heard only to-day. One of the philanthropic agencies in this country—and there are many of them—which has been feeding as many as 60,000 children a day in Austria for some time, is unable to continue to do so because it cannot obtain any further funds to carry on its beneficent work. The noble Earl has explained in some detail what I might call the difficulties, but I hope that the Government having in their minds the urgent needs of Vienna and Austria, every effort will be made to afford some measure of permanent relief to these suffering people. That, of course, is the real object with which I put down this Question. I am bound to say that the answer of the noble Earl leaves me still in doubt whether the difficulty as to international credits arises from the attitude of statesmen in this, or some other, country—whether this country was willing to do it and the Allies would not, or whether the Allies were willing to do it and this country refused.

House adjourned at twenty-five minutes past five o'clock.

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