

of the Italian Government, proceeded to put their plan into execution. His Majesty's Government decided that, being convinced of the inexpediency of such action, they could take no part in the execution of the Franco-Belgian measures. The German Government, refusing to recognize the legality of the occupation, ordered and organized passive resistance, which has been practised up till now, and has, in its turn, called forth ever stronger measures on the part of the occupying authorities. His Majesty's Government have had no easy task, while remaining in occupation of part of the Rhineland, in carrying out their policy of neither helping nor hindering the action of their Allies, but they dare to hope that they have succeeded in the main in maintaining an attitude of strict neutrality. The Notes which have been exchanged between us and the French Government since the January Conference have more and more revealed an honest divergence of opinion as to the best method of obtaining reparation and of advancing the cause of permanent peace in Europe. That divergence reflects differences of temperament and outlook between the two nations which it would be foolish to ignore, but the last twenty years have shown that they are not incompatible with whole-hearted co-operation in the face of grave danger.

We have strained every nerve to preserve the solidarity of the Allies and especially the *entente* with France. We have done this believing that any rupture between us might still further postpone the peace which Europe so sorely needs. I am aware that the patience we have shown in trying to preserve good relations with France has laid us open in many quarters to the charges of indecision and weakness. But at least it has borne witness not only to our wish to act, in the words of Disraeli, as "a moderating and mediatorial Power" in the Councils of Europe, but to our ardent desire to preserve our friendship with France.

At this moment it seems that we are entering on a new phase with the collapse of German passive resistance, which appeared to be imminent when I met the French Prime Minister in Paris not many days ago. How the new situation will develop I shall not venture to predict, but one thing was clear to us in Paris, and becomes daily clearer: it is only by the closest co-operation and complete confidence of the Allies in each other that we can hope for a settlement of Europe's difficulties.

A fuller and more detailed statement of the situation will be made to you by the Foreign Secretary when we come, later on in the week, to the discussion of foreign affairs.

#### **The Janina Murders and Occupation of Corfu.**

Within the last few weeks we have been faced by a sudden crisis in the relations between Greece and Italy, which threatened at one moment to assume serious proportions, but which, I am glad to say, has now been settled. I do not desire to anticipate what will be said later upon this subject, but I wish in my present speech to call your particular attention to the very useful and, in my opinion, effective part played in this crisis by the League of Nations. I am aware that there are many people who consider that the League has missed a very obvious opportunity of establishing its prestige in quarters where it has hitherto been either derided or ignored. The temptation to react dramatically and violently to the present crisis is one to which a less statesmanlike body than the League Council might pardonably have succumbed. I consider that the members of the Council deserve the greatest credit for having placed the permanent interests of peace above what might have seemed the immediate interests of the League itself. And in this moderation they have been amply justified: there is no single person possessing real knowledge of the recent crisis or any settled experience of similar crises in the past who does not realize to-day that, had the League not existed and acted as it did, a resort to arms would almost inevitably have taken place, and that, had the Council not shown the wise discretion for which in some quarters they have been assailed, the outcome of the crisis might have been very different. The League by its moderation and common-sense may temporarily have disappointed the expectations of its more ardent and impetuous supporters; but the exhibition of these qualities in very trying circumstances has strengthened its hold upon the confidence of reasoning men in all countries.

I think we have every reason to be satisfied with the part played by our delegations at Geneva in contributing to this happy result.

#### **Treaty of Lausanne.**

Peace with Turkey was signed at Lausanne on the 24th July last, after a conference lasting seven months, with a suspension of sittings from the 2nd February to the 20th April. Various reasons—the delays of the Paris Peace Conference, political changes in Greece, the difficulty of maintaining a united Allied policy, the development of a strong military and nationalist movement in Turkey—compelled us to negotiate a treaty with Turkey on a different basis and of a different nature from those concluded with our other enemies of 1914. The Secretary of State for Foreign Affairs will shortly explain to you in greater detail the genesis of the treaty and its main lines, but I think that after hearing his statement you will agree with me that, broadly speaking, this treaty not only safeguards the essential interests of the British Empire, without damage to British prestige, but has done something to reconcile those different national and religious interests which have so often troubled this quarter of the world, and may have laid the foundation of a period of comparative tranquillity and economic reconstruction.

#### **Debt to United States of America.**

Thanks largely to a mutual determination to arrive at an agreement, arrangements have been concluded with the Government of the United States of America for the gradual repayment over a long period of the sums we borrowed from that Government to ensure the successful prosecution of the war. It must be remembered that on our debt we were liable, apart from any question of repayment, to pay 5 per cent.—amounting to over 200 million dollars—for interest alone. The funding arrangement has reduced the burden for interest and repayment combined to 161 million dollars per annum.