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The European Situation

Paul van Zeeland  
Prime Minister of Belgium

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R. T. ELY: This evening the Economic Club begins its 32<sup>nd</sup> year, full of vitality. There are here tonight some new members and guests who have not been here before. They are heartily welcome. If they sit with you men at the table, men you have never met before, don't, for that reason, regard them as mortal enemies -- let us have a spirit of good fellowship.

It is a pleasure to present as our new President, Mr. Wendell L. Willkie. (Applause)

PRESIDENT WILLKIE: That is a little better cheer than I got the last time I spoke. That other cheer was more of the Bronxy type. (Laughter)

The Economic Club, ever alert to present to its membership a discussion of the most vital of the current issues has selected for its discussion this year the European Situation. We sought to select that man whom we thought could best qualify. He is a paradox. A Trained Economist, who has occupied the highest office of the State. (Laughter) he is a banker who has been elected to public position.

Mr. Paul Van Zeeland, I believe, is the youngest man to occupy the Prime Ministryship of one of its leading nations, and we fell particularly proud that he received a portion of his education in America.

As a young man he was an outstanding scholar, a soldier of heroism in defense of his country during the World War; a trained economist, an author, and, I say with pride, a Banker, and tonight I found him a delightful fellow!

. . .The audience arose and applauded . . .

The Right Honorable Paul Van Zeeland

Prime Minister of Belgium

Tonight, if you will allow me to do so, I will not address you as a banker, as a politician, not as even a former Premier of Belgium, but just as a man speaking as simply as possible to other men.

A few weeks ago one of the heads of a large European Bank, who at the same time is also a trained economist, and a keen writer on big political issues, made to me this disillusioning remark: “You and I and many businessmen, we have been basing our efforts on reason, on wisdom, on the assumption that man was also visioning and understanding. Today, when I see the flood of emotions and sentiment which seems to outweigh the scales of the world, I wonder whether we have been right or wrong.”

And this coming from a man of the type he is was a very disheartening remark. Undoubtedly, the world of today is moved more and more by appeals to sentiment of all kinds, to the very different

reactions of the human being, reactions arising from the lowest, the vilest, to the highest and the noblest.

We must face the fact that reason today in man's affairs has lost ground, partly perhaps because of the many countries, with their many millions of population, the possibility of knowing the facts has been taken away, and replaced by unilateral emotional presentation of facts.

But, maybe we on this side overrated the importance of reason and underrated the actual power of emotion. The human being is not a poor man. He is much more than that.

To be on solid ground, we should remember how numerous and complex are the aspects of life, the aspects of individual life, and also the aspects of life between nations, in the community of nations.

But, after all, after having fully admitted, after having fully accepted these points as facts, I still think that to find a way of actually overcoming difficulties, to build things of a great value, the main thing is to look at things frankly and see clearly what they are.

In this process, I believe that emotional or sentimental reactions are the greatest of interest. The manner in which we react sentimentally to things in no way changes the dire realities we have to face: and today, more than ever, in the confused and perplexed situation in which the world is

plunged, we should keep as clear a mind as possible. We should summon up all the forces of impartiality and objectivity we possess, and look straight at the difficulty.

In these last few weeks, trying to do my little bit to help men of good will to bring some more light on this dark picture of the world of today, I have deliberately refrained from any appeal to sentiment, and I may tell you that it has been gratifying to discover what a direct response large audiences were ready to give to a cool, to a serious analysis of plain facts.

Tonight, speaking under the auspices of the Economic Club, it is my privilege to address all economists, bankers and businessmen. To you gentlemen, I have nothing new to convey. You are in constant touch with the main developments of economic conditions throughout the world, and your practical reactions of every day put you often in closer contact with actual difficulties than would even the most thorough theoretical inquiry.

You also realize that economic action is only possible and fruitful when and where it fits into general political conditions, conditions which are not so vitiated as to render impossible a fruitful economic action.

And maybe at this very point where economics and political problems meet--maybe at this very point, I may usefully try to draw your attention to the dangers and the requirements of the present

world situation, dangers and requirements which are of tremendous importance to all of us, practically to all mankind.

When we speak of the confusion in which the world of today is plunged, we could hardly exaggerate, if we take into consideration the internal conditions in three Continents, at least, and international relations practically throughout the world, because if I tried to speak especially on the European situation.

If we do that, we are struck by the most profound impression of confusion and contradictions all over the world, and this confusion is the result of many mistakes, piled one upon another for years and years; mistakes in which I think every nation, without exception has to take its undue share of the blame.

There is one thought which is really crushing to a man of good will, when he looks back upon the last two decades, and that is the recollection of the many, many splendid opportunities which mankind has had before it, of the many, many gateways giving access to better things for everybody; and of so many missed opportunities. And I hope you will not object if I already today classify among these missed opportunities, at least partially, the report I was asked to draft, and that I handed at the beginning of this year to the governments of France and England.

You remember it was a report on the possibility of reducing actual obstacles to international trade. When the report was handed down, there were underlying possibilities right there. Today, after one year, I must confess that some of these underlying possibilities have gone; and I must say that some, not all, fortunately, but some of the practical suggestions in this report are already outdistanced by the facts.

But there comes to mind, I think the English saying: “Don’t cry over spilt milk.” Really, we have succeeded in spilling a great quantity of milk in the last several years. But, however, let us turn our backs to it and look not to the past but to the future, and to be quite frank with ourselves, without trying to exaggerate or to minimize the difficulties, let us recognize that we are really today at the crossroads of the world, and that the true problem which has been before us in the last month is still before us today, and this problem is none less than one of peace, which means, better lives for millions of people, and prosperity for the whole of mankind.

And when we speak of love of peace, of course, we see immediately the dominant fact of this period, which will probably remain the dominant fact for a long time, the Munich Agreement. You understand very well that today; I will carefully avoid trying to examine with you whether the price paid at Munich was or was not too early; I will carefully avoid examining whether peace might have been saved by reaction under conditions infinitely more favorable. That is passed. We must take facts as they are today, and whether we like them or not makes no

difference at all. The only thing of real importance is this one: Has the sacrifice accepted at Munich insured a lasting peace, or has it insured for us just a short respite.

One thing I am ready to say is this: Peace will not last, cannot last, if there is not a true basis for peace, and there is no basis for peace if a certain degree of organization of order does not exist in international relations, and I am sorry to have to say to you in all frankness that in Europe today this necessary degree of organization does not exist.

It seems to me that the Munich Agreement was not in itself a beginning. The beginning of the foundation of something really great, of some new, big constructive effort, it was rather the end of something. It was the end of the period based upon the Versailles Treaty.

I don't mean that the Versailles Treaty was a good one, nor that the way it was used and applied during the decades following the peace was better, but at least this Treaty contained a principle of all; it was a basis of organization and there was an order resting upon it. Today, this order has gone, and gone forever. But this vanished order has not yet been replaced by another one, and I know of no situation more dangerous than that.

The League of Nations today is, at present, politically speaking, out of the picture. I don't think the League is there; it is doing some good, practical work in many fields, such as health conditions over the world, or economic surveys and so on, and you don't think that I will myself

underrate the value of economic surveys, but after all, alas, I should say, today problems are of another kind, and of another magnitude. And what do we see? What are the nations doing in Europe? They are all of them, big and small, all alike, they are running at accelerated speed in the armament trades, and everybody realizes that this is the only thing to do, because no attitude leads more surely or more rapidly to war than unilateral disarmament, or unilateral non-armament. So we must rearm. If this is to be proved by the events of the last year, or this year would be great enough, I suppose, but all the same a policy of armament race can surely not be construed as a good normal lasting basis for a lasting peace, and nobody, I suppose, underrates the direct acts of one embodied on such a policy, not to mention to you the indirect threat contained in the economic passion, in the economic strength which it applies. I suppose that a mere glance at the daily paper is enough to convey to everyone the true feeling of the tension, of the confusion, and of the immediate danger in which the world of today is living.

But if this is so, Gentlemen, if the present situation is one of dangerous disorganization, how can it be remedied. Of course, I suppose, every one of you being businessmen, realize that something has to be done as soon as possible. The worst position of all would be just to wait and see, and do nothing, and let others take the lead, and move according to their executive conceptions.

We must find a way of introducing a degree of order and coordination in international affairs. In other words, the Munich Agreement appeals to me as a blank sheet of paper and everything in the future will depend, for better or worse, on what we will be able to write upon that blank

sheet. If it is something of a useful, constructive character, it means peace. If it is not, it probably means war. There is no alternative.

Let us see what we possibly can do. The problems of today--and you know it better than myself--practically speaking, are so complex, that most of them are at one and the same time political and economical. You scarcely find one problem of a political nature without economic implications, or one economic problem that would not offer some political aspects.

Can we tackle our difficulty; approach our task from a direct political approach, with a big effort at political appeasement and reorganization?

I always try to be an optimist. I would hate to appear as a pessimist. I really think that only optimists do create things. They do make something constructive. I will not try to define optimist and pessimist for you, but I have been trying in these weeks to give what I thought a good approach to the truth, as far as optimists and pessimists are concerned. I therefore propose at this time, this to the audience. Take a bottle, one gallon capacity, filled half full with a half-gallon of wine, and show the bottle to the optimist and to the pessimist. The optimist will say it is half full; the pessimist will say it is half empty. You see, both are true, but only one is right, because after all, the optimist will get the wine. (Laughter)

I think, to be serious again, we should try to look at things in this optimistic but realistic way, because we must face the realities. The reality, of course, is not a favorable one. I want to be careful and not, what do you say, not to “break my neck.” (Laughter) but, frankly speaking, and avoiding any sort of forecast, and remembering that things are so confused in the political field, that maybe some possibilities are there, concealed, veiled, which might reveal themselves at any moment.

But to be true to myself, I do not think it is the case; I can't see any possibility of political appeasement, in any distant future--any reasonable distance. I can't see how we could place any serious hope today in the direct political reorganization of political life.

Let us not underrate the value of agreements like the last Franco-German declaration. Steps like that seem to me to be in the right direction, but at the same time we should not forget the real underlying value of such diplomatic agreements lies mainly in their psychological repercussions. The impression I was able to gather from the American papers, and also from the comparisons with simultaneous events in other directions, lead me to believe it would be useless to overrate the practical interest in the direction of true and all around appeasement.

If this is so, gentlemen, if I am right--if we can't find a direct political way towards a solution, and if at the same time, nevertheless, we must do something to avoid the worst, then I see only

one possibility left, and that is the economic approach to the problem. You see how, then, in this way, economic questions take on again a new unlimited importance.

At once you will ask me are there any more chances in favor of economic collaboration and solution any more than in the other direction? In my opinion there is still today a possibility of getting at some result through the method of economic collaboration.

There is no use in deluding ourselves. Nationalistic tendencies which govern our modern world have not lost ground. To the contrary; that compromise between conflicting or eager national interest, both political or economic, is never easy to be found. But it is surely easier to find a compromise on economic rather than on purely political questions. And there is a simple reason for that. Economic solutions, in general, and this is as true in private business as in general economic accord, economic solutions are good only when good not for one of the parties, but all of the parties concerned.

Every one of you, I suppose, every economist, will agree with me that a true, sound expansion in international trade and in international intercourse, must be in the interest of every nation throughout the world.

So it is possible, I don't say, easy, but it is possible to find ways and means in economic society to benefit through international collaboration--every nations' interest, all around the world. Of

course, I say, and I must insist upon the word “economic.” This means that you must approach this question of economic collaboration with faithful and loyal pre-occupation, without political back thoughts concealed behind economic appeals.

In other words, if some nations would use economic instruments not with a view to increasing the standard of life of the people, not with a view to increasing the economic welfare of the nation as a whole, but rather, organizing themselves on what should really be called war economics, then of course there can be no talk of economics. The only possible answer to war economics on the one side is war economics on the other side. But is this the case in the world, actually? I don't know, but I think that it would be as important to say yes, as to say no.

After all, the only way to get a true answer to such a question is to make a fair test in the direction of real economic collaboration, conveying to every nation in the world the very impression that other nations are ready to take their full share in a general endeavor.

Now, don't ask me whether the chances of succeeding in such an attempt are great or not. I would just tell you by asking you whether you think that such a question is relevant. After all, the only point of relevancy, of importance, in my opinion, is this one: whether there are any chances at all or not, and I think that there are some, so we should try them.

But, again, let us not be over-optimistic. We should realize that the scope of actual possibility is a very limited one, and that if we should attempt in the economic field to do some very broad work in the line of international cooperation, we would meet with a rapid and complete failure. If somebody would try today, for instance, to summon a great big spectacular Economic Conference of the world, it would mean a complete failure; and you will probably remember that the proposals made in my report at the beginning of this year were already of a very limited character; practical, precise, but moderate. We at this time already understood, and I had found it in my inquiry, that it was the only chance to get somewhere. And today, we must after what has taken place during this whole year--we must still be much more modest and aim at much more moderate solutions.

Difficulties of an economic character are more numerous than they were at any time. Without speaking of political difficulties, I mean. Some of these economic difficulties are particularly complicated considerations; and I will just take as instances two of the most discussed problems of the day; the raw material question, and the problem of distribution of colonies. I am sorry. I must absolutely respect the detailed schedule of Mr. Willkie, so I cannot go into these problems. If somebody wants to put a question upon these points, I am prepared. In waiting for the questions, I must continue just to finish in 45 minutes.

But, both of these problems, if you approach them with a view of easing economic difficulties, they can be met with practical suggestions; such practical suggestions were made to me, were put

before me, and I think that they were good chances of seeing them accepted by many, many different countries. On the other hand, if these problems were approached with purely political pre-occupations, for instance, with strategical backgrounds then, of course, there would be no use trying to help through the method of economic collaboration.

And even if we consider the direct economic difficulties inherent to economic intercourse, we cannot minimize the obstacles. I might refer here to the many hindrances which are restricting economic activities all over the world. For instance, high tariffs, quotas, restrictions as to payment, or to the transfer of funds, exchange controls, prohibition of all kinds, and so on. You know the rest.

But here at least we find some, not very many, of course, but some more hopeful features in the actual state of affairs. Recently, the tendency has not been toward a gradation, but rather toward a slight amelioration in a few of these directions. Some nations have taken a somewhat more constructive attitude, and here I am really glad to avail myself of the opportunity of paying a homage to the policy constantly and courageously followed by the Secretary of State of the United States, to his consistent efforts; his consistent efforts have altogether brought results which are marked practically, to an appreciable reduction of tariffs between many countries, and I think that the ensemble is probably as efficient as may an international pact.

But, to really expand international trade in any degree corresponding to what should be the situation in our world of modern science; some big, fundamental economic questions should have been solved. For instance, the re-establishment of some degree of equilibrium and stability in international crises, some method of distribution of capital throughout the world, the restoration of some form, some working form, of an international monetary standard. There are solutions to all these problems, but these solutions may probably have to be quite different from what we, or some, used to call the goal of all solutions. Changes in the economic world are profound and some are definite, and I will just take two small, short instances to illustrate my, what I think--I will do it as rapidly as I can, and I think I will drop one and just speak of one. I will take the most important in my opinion, the gold question. I am a firm believer in gold. I am absolutely convinced that gold will continue to play in international intercourse a great role, probably both as a medium of exchange and as a measure of value.

But I am equally convinced that the gold standard, the international gold standard of tomorrow, will be quite different then the gold standard of yesterday and that it will be construed in a much more subtle form. But again, this is not so difficult to imagine. It would not be so difficult technically to apply if the general, bread conditions would allow a serious attempt to be made. And here we must realize that in actual circumstances it is utterly impossible to attempt solving these big questions by one large, general effort. If we were too ambitious, if we were trying too much now, it would be useless to try. We must be exceedingly modest. We must try if we really want to succeed, or to make one smart step, but at least in the right direction. There are today a

few points on which we know that it would be possible to find an all-around agreement, practically in every country, provided the minimum of good will would be there.

I will just mention, for instance, among these few points, some smoothing of tariffs, introducing some stability, getting rid of a few industrial quotas, enlarging the Tripartite Agreement, extending or returning to a more normal situation, in the extension of short term commercial credit facilities, some agreement on international debts, or protracted payments, and so on. Then, taking these few points, we should incorporate them in an agreement of not too binding a form, taking the lesson of the Tripartite Agreement, which has, to my astonishment, fairly well stood the strain in these very difficult circumstances, so long at least, and then we should make this agreement rather an expression of good will, an expression of fair intention, rather than too rigid an undertaking.

You see how modest I want to be? You realize that this would not exert a direct great influence upon immediate expansion of trade, but nevertheless, if something of that kind were possible, it would be the utmost importance, because of its indirect repercussions, because of its psychological value, and because of the ulterior possibilities which it would convey. Then, with it, we would have an actual proof that collaboration between nations in the world on a profitable, sound, peaceful basis is still possible after all.

And after this first small step, probably the next one would be easier, and after a series of some such small, modest approaches, successful steps, then the day might come where it would be possible to bring a concerted solution to the big world economic problems of today, and of course, the day we shall be able to do that, on that very day, gentlemen, we shall be on the threshold of a real political appeasement, and of a true political reorganization of the world which would mean peace.

But, as you see it, the difficulties ahead of us are manifold, and really too numerous. The possibilities of action are slight. The chances for success are few or limited. But after all, there are also a few good reasons for hope. I say, let us see them, too. People all over the world, in every nation, without exception, - when I say people, I mean the average citizen, the man in the street--people all over the world are in favor of peace. Forces which have tried to come back into collaboration, and especially to economic collaboration--there are such forces in every nation, and these forces are increasing. There are today larger and more practical forces than before. Of course, I must say that this is not sufficient. It is not enough that the average citizen, and even the business communities do want peace, and we must face the fact that in any nation in Europe, if the leaders would give any sort of instruction, even to go to war, every citizen would follow. But after all, it is something that really and truly people do want, peace.

On the other hand, you're citizens of a big nation, but do not forget that a large part of the world's population lives in, let us say, middle sized countries. I never like to refer to my country

as a small country, but in any case, in all the small or middle sized countries, there everybody is in favor of peace, and leaders as well as people are ready today to go any length to meet any requirement for practical, actual collaboration all over the world, and this is also one element for hope, and then I hope you will allow me to say quite frankly, too, that in my opinion, for me. There is one more big reason for hope, and this is the strength, the power, the growing influence throughout the world of the United States of America.

Of course, I know the Monroe Doctrine, and I know the Neutrality Act, and I know you're legitimate--I say legitimate, because I think it--reaction upon the defaults of payment after the War, and I think you are right when you try to keep aside, as far as you can, from all this troublesome quarrel which divided nations between nations, or within themselves, here and there, far away in the big world.

But, there are issues which directly concern you, not because they are European, they are world issues, or just because you are human beings, or because you are strong; or, again, because you want to continue to live on this new Continent full of life, of prosperity, of security, of freedom, or of objects.

You would probably be surprised yourselves, if you would actually hear how often when a big world problem comes up, how often statesmen all over the world put the question: "But what is the United States going to do"? Of course, there is scarcely an answer, but the fact that the

question is put, the mere fact that the question is put, shows to you the growing importance as a fact of your country in world affairs.

And maybe you will allow me to say to you that for so many men throughout the world, it is a comforting thought to remember, that there is one big country of 130,000,000 which resolutely clings to the everlasting truth and goodness of such high ideals and principles as freedom, respect for the individual, harmonious co-existence of authority, and liberty, of love for country and regard for others.

In the depths of myself, gentlemen, I find it absolutely convincing that such high ideals in the long run will be the best. But at what cost? After how many trials with or without mankind suffering again the worst? The answer to such a question is largely in your hands more than ever and more than in anybody's hands.

Maybe we had fallen very low; but I like to remember with Shakespeare himself, "Some falls are means the happier to arise."

And now, one last word--perhaps we are faced with dire realities. The future might be dark. We might think that chances of success are few. But, at least, let me remind you of a splendid slogan which William the Silent used during equally troublesome times in the Province of the

Netherlands: “It is not necessary to hope in order to undertake nor to succeed in order to persevere.”

Let us follow this virile advice. Men are beaten only when they admit defeat. As long as they refuse to give up, even hard shocks are just a phase in the battle, and the last success is the only one which counts, and means victory.

Let us miss no chance of organizing peace on the solid ground of sound economic cooperation; and if, finally, in spite of everything, we succeed in bringing about the necessary conditions for trade expansion, we shall have rendered the biggest of all services, not only to the business community but at the same time to all men of good will who still hope to make of this world for the benefit of all mankind without restrictions or distinction, a better place in which to live.

. . . The audience arose and applauded. . .

PRESIDENT WILLKIE: We are very thankful to you, Mr. Van Zeeland.

I don't want to bring into this discussion any extraneous subjects, but when you put that question that some of you didn't know what the United States was going to do, from an international standpoint, I just want to suggest to you that some of us are disturbed from a domestic standpoint. (Laughter and Applause)

In order to have the most intelligent observations upon what we knew would be an exceedingly thought-provoking talk by Mr. Van Zeeland, the Economic Club decided to have comments upon this talk by two of America's most eminent businessmen. The first of these is going to comment at this time--Mr. Owen D. Young.

I have known Mr. Young many long years, admired him much and liked him greatly, but I just want to confess to you that it is quite difficult for me to introduce him. He has always had me a little buffaloed. I have talked to him many times about things, and he always talks in such an enlarged way--sort of always ball and hemispheres with me--and it is always two or three days afterward before I realize that in the parlance I understand he was really saying - Wendell, go to hell.

He has received so many honorary degrees that he is going to have to endow a couple of more universities in order to obtain any more. But seriously, we all recognize him as America's first individualist, and as one of the great humanitarians of this country.

My friend, Owen D. Young!

. . .The audience arose and applauded. . .

Owen D. Young

Rockefeller Foundation Trustee

Thank you Mr. Chairman. I hope I may be equally indefinite and all-embracing in what I say tonight.

I should like first of all, Mr. Paul Van Zeeland, to have you understand the great compliment which the Chairman paid you in this introduction. In this country we usually hear the Economist and the Politician, separately--each speaking from his own insulated compartment. And it is left to the audience to match up the two. Frequently they do not fit. So, it is a great relief to the audience, Mr. Van Zeeland to have an economist and a politician combined in one.

Many years ago I spoke of politicians as the charming Mistress in the parlor, and as the economist as the cook in the kitchen. From my observations since, I have no reason to change that suggestive figure.

But, whenever I hear Dr. Van Zeeland speak, I am impressed with the importance of having the Lady of the House know how to cook. It makes for a better run household, and a more contented family. In the long run, it is not helpful to promise the boys plum pudding when there isn't anything but corn starch in the batter. Sometimes Politics sharing--the charming Mistress that she is--provided a cocktail to keep the peace in the family. Anyhow, if the boys are too boisterous in their complaints, she can always damn the cook.

Now, that seems to me to throw some light on our neighborhood troubles. When our politics and our economics do not get along successfully at home, the Mistress of the several houses in the neighborhood do not get along together. They are irritated. To be sure, the charming ladies keep up a show of social contacts, but at heart they are jealous of each other. Meanwhile, Dr. Van Zeeland, the cooks continue to toss a few vegetables back and forth over the garden fence, and so maintain a vestige of the old time courtesies and exchanges. I take it that is what you meant telling us that whatever the social antipathies between the hedge may be, we ought to encourage the cooks to go as far as possible and maintain such mutual advantages and friendliness of spirit as will hold the community together.

Dr. Van Zeeland expresses the importance of establishing and maintaining small contacts. He says that when a community is headed toward disintegration, small contacts become more important than larger ones in normal times, and so they are.

In this country, we are inclined to be impatient with small things; unless we can act on a grand scale, we say: “Why act at all”?

Last week I learned that there had been imported into the Western Hemisphere the most deadly malaria germ known in the world. The area which it infects has now to be quarantined lest it spread. A great inconvenience to the inhabitants, at an enormous cost, lest the whole hemisphere,

our own country included, be infected. Where did it come from, some mosquitoes in an airplane from Africa? Moral: Don't neglect the small things. Moral again: Don't count too much upon isolation as a protection. Only our great Secretary of State is wise enough and patient enough to keep doing what he can, undiscouraged by difficulties both at home and abroad.

Mr. Chairman, I do not wish, in the few words that I have to say, to seem frivolous or cynical. Times are too serious for that. I wish, and I think there is reason to hope, for better things. When Mr. Chamberlain is applauded by the people in the streets of Munich, who with none too much information, realized they had been saved from war; when Mr. Mussolini received a great ovation in the streets of Rome as the savior of the peace of Europe; when one fairly feels over the radio the relief of millions in the United Kingdom and in France, that there was to be no tragedy; and when one sensed in the United States the gratification which even that gave, one must, if he believes in the ultimate force of public opinion, if he believes in the fidelity of masses to assert their will, if he believes in the inevitable power of the right, so universally accepted and acclaimed, if he believes in the inherent weakness of the wrong, though appearing superficially strong, with the façade of arms and impelled by emotion, if he believes in the ultimate mastery of justice and the guidance of a Divine Providence--one must have hope, one must have courage, to do what there is to do in order that the end of this menacing threat to life and liberty may not be too far away. It is on those basic things, not on treaties of governments, or upon declarations that I pin my faith.

Now, I know that to men suffering and watching with trembling lips, these words may sound empty and quite impotent. I know that they and all of us will move ahead to test our courage and our faith. I know the threat of force must be met temporarily with its only antidote. But as surely as the earth's crust controls the minor rumblings below, with only occasional eruptions, so will civilized society, with patience, with courage, with strength, with such sacrifice as may be necessary, and with faith in itself and no complex of inferiority imposed by new mastery of men, anywhere, perpetuate itself.

. . .The audience arose and applauded. . .

PRESIDENT WILKIE: Thank you, very much, Mr. Young. The next one to comment is the President, I believe, of the largest bank in America. The problems of an important banker are, of course exceedingly complex.

What I have to say at this particular instance about Mr. Aldrich occurred only a few weeks after he assumed the Presidency or the Chairmanship of the Chase National Bank. We occupy three floors in the Chase National Bank Building, for which we and still are paying an excessive rent. (Laughter) Prior to the expiration of the present lease, however, it was still higher.

(Laughter) I think this was four or five years ago. I wanted to get a reduction in the rent. I didn't have any real reason, except conservation and distress.

I went to see Mr. Aldrich, and I explained to him, what I thought exceedingly plausible as to why we should have a reduction. I got about two thirds through my conversation and he said: “Well, Mr. Willkie, what is it you are talking about? I don’t understand. Do you occupy some space in this building”?

So you can see that the problems the banker has are exceedingly complex. (Laughter) I may say, since that day, however, he has mastered every detail, and has great competence in giving arguments now as to why the rent should remain.

During the recent reign of terror, which is now, fortunately rapidly passing (Applause) when it was thought wise to be craven and discreet to be silent, there was one clearly unillusioned voice represent America, that always spoke forth and spoke forth with clarity and sense, and that was Winthrop W. Aldrich. (Applause) He is a specimen of what is unusual in this country--the very able and effective son of a very able and effective father. There is no man in American business that I admire more.

Mr. Winthrop W. Aldrich!

. . .The audience arose and applauded. . .

Winthrop W. Aldrich

President, Chase National Bank

Mr. Chairman, Mr. Van Zeeland, and Gentlemen: It is a very difficult thing to talk briefly and extemporaneously as I am going to try to do tonight, about the problems which have just been discussed by Mr. Van Zeeland. There is no more important thing that we can address ourselves to today than the system and situation of world economics, and there is not more important place that it could be discussed than right here.

I, myself, believe that much more is at stake than the mere question of peace or war. The pressure of the economic situation of the world today on every country in the world is so great that it is very difficult for us to preserve our own institutions.

I think that the ideal of the preservation of individual liberty is one which is more close to our hearts than anything else, and I think that the most profound threat to individual liberty is the danger of internal regimentation. (Applause) It seems to me that what we are faced with is not only the question of political appeasement in the world, not only the question of economic appeasement, but the question of accomplishing this appeasement in time to save the institutions of the democracies.

Mr. Van Zeeland has proposed certain remedies to the present situation with all of which I find myself in agreement. I have just attended a meeting of the International Chamber of Commerce in Paris, where these matters were discussed by representatives of all of the countries of the world, at great length, and at the time that we met, which was immediately after the Agreement of Munich, it seemed quite evident that if economic appeasement was to follow the political appeasement which there took place, immediate action was necessary.

We were able at Paris to reach certain conclusions with regard to the basic questions which underlie all matters of foreign trade, or international trade in the world; that is to say monetary questions, questions of the gold standard, questions of the operation of the Tripartite Agreement. We were in agreement, of course, that the various obstacles to world trade should be reduced, and when we got through all of our discussion, it was evident that there underlay this whole situation a basic divergence between the systems of government which were based upon regimentation and which had resulted in autarchy, and the democracies with their free economies.

And one or two other things emerged plainly. One was this, and it is a very important thing, and that is, a background of free economy. These bilateral treaties that have been regarded by some as an instrument of political action are themselves unworkable in actual fact, unless the inequalities in the trade between the countries that are parties to these agreements can be ironed

out through the sale of excess goods in any particular item involved in those treaties, in the free markets of the world.

And not only that, the autarchies themselves are obliged to depend on free economy, to so adjust their own economies, that they can successfully continue with their systems of bilateral agreement. That fact has very many important repercussions. One is that the experts who are running the economies of the autarchies themselves realize that it is necessary, that there be preserved somewhere in the world a system of free economy, free exchange, without exchange limitations that prevent multilateral dealing.

I don't want to be too technical in regard to that point, but if one understands it, the importance of another fact emerges, and that is that in the case of the democracies, the governments can enter into trade agreements among themselves. They can have their economists and their experts furnish them with statistics on the basis of which they reduce tariffs, they change quotas, if quotas exist, and they do whatever is necessary in their opinion to increase the trade between the countries which are entering into those agreements. But after all that is done in a democracy, it is necessary for private enterprise to take up the burden, and for private enterprise to go forward and implement those trade treaties.

Now, Mr. Van Zeeland has talked to you about the necessity for economic cooperation, for collaboration in the economic field among the nations of the world. What does that mean in the

case of democracy? It means that gentlemen like you, bankers like myself, operating for the purpose of making a profit, have got to go forward and deal with the other nations.

After Munich, it seemed that the thing for the democracies to do was to enter into trade agreements wherever it was possible to do so, so as to ameliorate the condition not only of other democracies, but of the autarchies themselves, by trading with them through the initiative of private enterprise, because if the government carries the thing one step further than the negotiation of the trade treaties, it means that the democracies themselves are being regimented. It means that the governments are saying that the trade shall flow in certain lines in certain volume and for certain purposes.

Now, I think I have said enough already to indicate that I do not myself worry very much about these bilateral agreements as instruments of world policy, because I don't think they are strong enough in themselves to have any great effect, and I don't think that any of the countries which are now entering into them are sufficiently self-sustaining even when they stand together to be able to deal alone without depending on this system of free economy which requires the cooperation not only of the democracies, but of the individual enterprises in the democracies.

It was the greatest possible shock, and the most discouraging possible thing for those people of good will in the world who want to see world trade recover, not only among the democracies, but between the autarchies and the democracies, to have action taken in the autarchies which

discourages trade, because of the fact that the individual men who are operating the system of free economy in the democracies are themselves not because of any regimentation, not because of any boycott, not because of anything except their own individual reaction, reluctant to trade under certain conditions of world affairs. That is true--not only in the case of the events which have happened in Germany recently, but it is true wherever political action has been taken which has the effect of upsetting the confidence of the individual enterprises in the democracies in their ability to go on and carry on trade at a profit, and that is perhaps the most discouraging part of the present situation. There is no doubt whatever in my mind that it is essential for the autarchies to engage in greater trade among the nations of the world. There is no doubt whatever, in my mind, that economic appeasement is the most desirable thing that could happen, but it is perfectly obvious to me that the democracies cannot implement economic appeasement, cannot implement economic appeasement, and cannot implement world trade as far as they are concerned, except through the action of the individuals who are carrying on that trade.

Now, the time, of course, is very short, and getting shorter all the time, in which this type of appeasement is possible. I myself believe that the responsibility is not only very greatly on the shoulders of the United States of America, but on the shoulders of the individuals in this country to implement the trade treaties that are negotiated by our Government, and if there is any one thought that I want to leave with you tonight more than any other, it is that.

We must lay aside all prejudice. We must not be guided by emotion. We must realize the tremendous burden of our own individual responsibility, and we must face that responsibility, and I personally do not believe that it is possible to meet the competition of the autarchies in foreign trade except through the most careful and unremitting study by the men engaged in foreign trade, not only of the problems of their own business in the countries in which they do business, but of the problems of our foreign trade as a whole in its multiple implications, so that we may cooperate in such a way as is possible to assist first in the economic appeasement of the world, and through that in political appeasement; and at the same time I think we should all be extremely alert in our internal situation to see what the terrible fate which has overtaken the autarchies does not overtake us. There is nothing more dangerous than creeping collectivism. I was talking to one of the great leaders of German thought not more than a month ago, and he said to me that the situation in which we find ourselves today came primarily from the necessity of putting on exchange controls; from that arose the necessity of controlling bases, and from that arose the necessity of controlling industry. All of these things having happened, it was necessary to control freedom of thought, and before we knew it we were completely regimented and the political results of that are inevitable, and in my opinion--I am still quoting him--the way out is to reverse the process. It is to start with the loosening of exchange controls, to go back so that it is no longer necessary to control prices and wages, and then as our economy finds itself, as the standard of living rises, let us pray that our whole economy will again become free, and it is my belief that our political institutions will follow.”

. . .The audience arose and applauded. . .

PRESIDENT WILLKIE: Now these three gentlemen have consented to answer questions. We would rather have them in writing, and I want to warn you; this is not a Senatorial Committee--no questions about income tax returns or their love life. All other questions open. (Laughter)

QUESTION AND ANSWER PERIOD

MR. ELY: This question is in the minds of many of us: Does any agreement, any international appeasement to which Hitler is a part have any real value, whatever? Is Hitler's pledged word worth anything? What does Mr. Van Zeeland think of that?

MR. VAN ZEELAND: All the time I have been at the humor of the President, but now year hear what he just said to me? Do you wish me to answer that question? That is really too much of humor! (Laughter) I surely don't want to, but I will try.

What do you want--do you want to make war or do you want to try to keep peace? These two positions are possible and there are in the world people who say make a preventative war and get rid of people we don't like. I don't think that is a position I could accept, or one taken by reasonable man. (Applause)

I assume you really want to keep peace if it can be done, if you can organize it. Do you then know of any other means of arriving at some sort of concerted action with anybody if it is not asking to undertake an undertaking and put his signature on a bit of paper? I think there is no other way of doing that. If you don't do that, you cannot get along with anybody. If you don't accept the cooperation of Germany in the one form or other, you have then to face the fact that no nation could accept--to be isolated, pushed aside and - and that if you take such an attitude either economically or politically at the end, is war.

So, if you really want peace you must arrive at some compromise, at some form of agreement, and it makes no difference whether you give to that signature 10% or 90% of value. But I wonder whether if it is wise in advance to question the value of anybody. When you have to make business with somebody, and we have to, then you take the best guarantees and insurances you can.

Well, this is the task of statesmanship--to bring about conditions where the interest of anybody will be on the same side as his signature. (Great Applause)

I think this is much easier to obtain along the economic lines than along political lines, because as I said, as I said to you, a good economist must be, a good economic solution must be, good for all parties concerned and this is why I think we should try, because we must do something that we should try to do on the economic field. (Applause)

PRESIDENT WILLKIE: I want to say after listening to the answer to that question, I understand even better than I did before, why this man has risen to such distinction. Are there any other questions?

Mr. van Zeeland modestly suggests that the other speakers should likewise be put on the spot. It is a great opportunity. Maybe some of you own Mr. Aldrich some money. (Laughter)

PRESIDENT WILLKIE: (A question from the floor was indistinct to the audience) I will restate that question: The questioner said that Mr. Van Zeeland stated he would be glad to talk on the question of raw materials, and he suggests that he now discuss that subject momentarily. I am sure that will be satisfactory.

MR. VAN ZEELAND: The question of raw materials is one of the mixed political economic problems, and I repeat, if we tackle it from the economic side, there are answers to be given and practical suggestions to be made. If, on the other hand, we approach it on the political side, then it is awfully difficult to find any sort of reasonable solution.

What is the political approach of the question of raw materials? It is--let us speak bluntly--it is the desire to dispose of the source of raw materials on the territory politically controlled by a nation. And if you put the question that way, it is impossible to solve. Think of what would be

necessary if some nations wanted to dispose of all sources of raw materials and, I should say, there are at least 30 to come into the picture.

Then, of course, other big nations should also ask to dispose of territories so as to have a parallel with 30 sources of raw materials, but then, don't you see, it means a remapping of the old map of the world, which is surely outside of the question, especially in such an hypothesis.

What would small nations become? It would mean death for them, and I can readily tell you that small nations are not ready to die--they would do anything to protect their natural right to live.

But there is another natural line for all nations, a right to find and to have access to all raw materials necessary to live a highly civilized life.

To this question I may give a ready answer, and I may say that for all practical purposes, the access to raw materials is free, and I give you the example of Belgium. We have only one source of raw materials, a few minerals--a couple in the Congo. We must get most outside of our country. Outside of that we are, however, economically more prosperous than many countries with great sources of raw materials. So it is possible to get raw materials. And I do not mean that everything is as it should be, but it would be easy to find practical remedies to ease the access to raw material.

But then when you want to get raw materials or buy them you have to pay for them and here comes the exception that some nations have not the necessary exchange to pay for what they want. But when you go to the bottom of things, you don't pay for raw materials with foreign exchange, but with exported good, because it is there you get the foreign exchange. So the true problem when approached from the economic phase reduces itself to the question of how can we expand international trade both imports and exports”

And this is the very problem of reorganization, of international economic intercourse. So if you want to approach the problem of raw materials with a strategically back-thought, with what I call an idea of want economics, or war economics, there is no good at all.

If you want to approach it with a view to economic facilities, then in this series of steps towards economic collaboration, we will readily find actual means in order to ease the access to raw materials.

And just one word to finish that--maybe there are among you many businessmen who think there is very often, that it is very often easier to buy than to sell raw materials. (Laughter)

PRESIDENT WILLKIE: Mr. Aldrich, do you consider that the trade treaties made by the United States with other countries should include provision for payment of foreign debts?

MR. ALDRICH: I think the answer is based on what Mr. Van Zeeland has just discussed. The war debts like other debts can only be paid by sending goods to the United States or by services rendered the United States. And of course, the very purpose of the trade treaties is not only to bring about the importation of goods with which to pay debts but with which exports from this country can be paid. And no trade treaty can stand unless mutually advantageous.

I, personally, have been strongly in favor of settlement of war debts at the earliest possible moment, but that problem must be faced realistically, from a realistic point of view, and the existence of trade treaties brings about the commerce through which the debts must be paid. I think it would be desirable if they could be settled, but I don't think they should be made the condition of entering into any trade treaty.

PRESIDENT WILLKIE: I have three or four questions here, but before going into them I noticed Thomas W. Lamont at the speaker's table. He is the head of the greatest banking house of the world, and I am sure you would like to hear him for a few minutes. I love to put a member of the House of Morgan on the spot, in fact. Mr. Thomas W. Lamont! (Applause)

MR. THOMAS W. LAMONT: Mr. President, Dr. Van Zeeland, Mr. Young and Mr. Aldrich, Ladies and Gentlemen: Mr. Willkie has put me on the spot. It reminds me just a little of a dinner in London, last spring, that I was invited to as I landed from the steamer. It was a large public

dinner, and I was escorted to the head table as I was tonight. During the course of the proceedings the Chairman arose and said:

“We have with us tonight an American who is active in affairs in America. I am not going to call on him for a speech, but I will simply ask him to arise and tell us a droll American story.”

(Laughter)

If I am not detracting too much from the seriousness of the occasion, may I congratulate you on the way you have filled the galleries of this gathering.

That reminds me: A few years ago I went to an Up-State city to help in a charity drive, and with me was a delightful New York woman who had had much experience in the mechanism of these drives.

She wasn't a speaker and didn't want to say anything at the affair, but the Chairman of the meeting in the Up-State town said, kindly:

“We have with us Mrs. Brown, of New York, she begs not to be called upon to speak, but, Mrs. Brown, won't you just arise and show us your figure”? (Laughter)

At least, Mr. Chairman, and Mr. Ely, too, even if I were called upon unexpectedly, I congratulate this Club on its choice of the new President--a man wise and sound and straight forward, and a patriotic citizen. (Applause)

And now I think I have only a question or two to ask myself. Perhaps not to ask that question of Dr. Van Zeeland, necessarily, but to ask it of you and of me.

First, I would remind you of the fact that from 1814, we will say until 1914, there was an era of unbroken peace in the world, so far as any world conflict was concerned. There was what might be called a Pax Britannica. Great Britain the British Empire, maintained the peace and did so for the benefit of the empire and for the benefit of the whole world, including America. Unless we look back over the 100 years, we can hardly realize the advantages to America which accrued through the fact that Great Britain threw the mantle of security over the seven seas, and allowed American trade to go forth unmolested without the necessity of a navy.

Now I ask you what sort of a world should we in America be facing if it came to pass that through unprovoked aggression the British Empire were to be gravely weakened?

Can we contemplate to ourselves what that would mean to our own liberties, to our own economy? I am not proffering any suggestions, on this point, whatsoever. I am just asking you to remember the Pax Britannica, as it never can, perhaps, endure again in the same way. What sort of a world would we be facing with a British Empire too much disintegrated?

And the next question is one, if you please, that has been asked, and in turn has been answered, in part, and that is, what is America going to do about the situation, if anything? Now Dr. Van Zeeland said, very properly, that America was devoted to peace. America is passionately devoted to peace, but up to date that passion has shown itself more in expressions by word of mouth and statement, more than in any other way. I am not suggesting another way--except to make it clear again, as has been already emphasized, that that is the question we must ask ourselves. It is a question not to be answered by rearmament, or additional armament, about which there can be little argument, perhaps, but must ask ourselves what we are going to do to help form the mechanism for the preservation of peace. For with all our passion for peace, with all the earnest desire on the part of 99% of the peoples of this world for peace, peace will not be maintained unless a very distinct effort is made.

Now, Dr. Van Zeeland and Mr. Aldrich have answered that in part in very considerable measure by what they have said in regard to the growth and up building of international trade in which we must take a large share, and in that connection, may I say as a life-long Republican, associate myself with what Dr. Van Zeeland, Mr. Young and Mr. Aldrich have said as to the Hull treaties. I am very strongly for the work that the Secretary of State, the present Secretary of State has done. For while the trade treaties may not be perfect, they go and they make a very distinct and helpful start toward the up building of that trade which is so necessary.

And I want to emphasize again the very point that Mr. Aldrich made a moment ago, and that is, that we have got to make our own sacrifices, or temporary sacrifices, at any rate, as businessmen, whose businesses have been very greatly protected. We must welcome the idea of lower tariffs. We must welcome the idea of a freer trade, knowing that when the great volume of trade comes up with the tide all over the world, all the vessels will be more likely to float, and knowing that in that way the standards of living, even in the autocratic countries will be brought up and the incentive to misery and despair and therefore war, will be lessened. That is a thing for us to remember as businessmen.

Mr. President, may I congratulate you upon this meeting tonight. I have attended a good many public dinners in New York. I must confess that I am not always eager to another. But when I saw whom you were going to have to address you, I could not forebear to listen to these three address, all three of them from friends of mine whom I greatly admire, and I have been inspired as you have, by their words and I want in your behalf, if I may, to thank Dr. Van Zeeland, Mr. Young and Mr. Aldrich for the helpful notes which they have sounded.

Dr. Van Zeeland, I like that quotation of yours about persistence. It reminded me, if you please, of those lines which Robert Browning wrote generations ago, and they were finally placed at the head of a great British explorer who after untold difficulties had opened up great, new and fertile regions. If I can remember them, they ran:

One who never turned his back?  
But marched breast forward;

Never doubted clouds would break;  
Never dreamed but only right would triumph;  
We fall to rise, our battles to fight better  
... Applause. . .

PRESIDENT WILLKIE: Thank you, very much, Mr. Lamont. We have just three or four more questions.

Mr. Van Zeeland, do you think commercial conquests of Central Europe and German trade expansion will suffice?

MR. VAN ZEELAND: Well, before trying to answer this question maybe you will allow me just a personal remark.

I think that Mr. Lamont is decidedly a very lucky man. I wish I was treated in the same way as he was. Please don't misunderstand: I am not talking about a partnership in Morgan's House. Of course, if it was offered to me, I would consider the proposal.

I am just referring to the story--and I hope the President would have said to me, "Here we have a European friend. He might tell us some good European stories.

I would, unfortunately have to answer this awful question. I can't accept a question worded like this, or at least, I can't accept the implications of the question, because I don't think they are

right, when the question says: Do you think commercial conquests of Central Europe and German trade expansion will suffice. The words conquest of Central Europe ask for reservations and decisions.

Gentlemen, if Germany takes recourse to commercial expansion, nobody has any observations or any objections to make. If it takes with any kind of commercial ways and means, really commercial purposes, expansion of Germany, Germany is as right as right, and as well-founded as any other nation, and we have just to try to match it by our own commercial efforts, commercial means. And I decidedly think it would be a very good thing for everybody to see Germany expanding along normal, sound commercial lines, because this would mean that she would abandon, or at least not come into political purposes or with political back thoughts, and this would mean again a continuance of peace.

So we can have no objection to seeing any country making progress along economic lines, and if a country prefers to use bilateral agreements rather than trilateral agreements, well, I think such a matter is less good than ourselves.

So I think that if we are good businessmen we must keep the lead, but at any rate, any country is able to lead its economic affairs as it chooses to do.

The question is really whether this economic approach is truly economic or if they cover some political back-thoughts. So let us be clear about this part of the question. The question is this, as I have it. Is the fact inevitable that economic and group psychology pressure will force Hitler into a Ukrainian adventure?

Again I tell you, no true economic preoccupation, no true economic policy can bring any nation to a political adventure. The two preoccupations are in a position one with another. If you want to be a useful member of a world, an economic community, you must renounce the idea of political advantage, and if we can, all of us, without exception, agree to a true form of economic cooperation, the dangers of any bloody or political adventure seems to me to be out of the picture. Shall we succeed? I don't know. Should we try? Surely. (Applause)

PRESIDENT WILLKIE: I am going to ask one more question from the group of questions that has been handed in. This is asked of Mr. Aldrich, and then I will close the meeting. The guest of Honor has to catch a train, and on the completion of this answer by Mr. Aldrich, I will close the meeting, then, with a message that I want very much to have Mr. Van Zeeland carry to us.

Can the individual business concern compete profitable in international trade with the governmental trade activities of the autocratic nations? If so, how?

MR. ALDRICH: That question, gentlemen, was, I believe, asked of Mr. Van Zeeland as well as myself.

I would like to ask you, when I get through answering that question, Mr. Van Zeeland, whether you think I have answered it correctly. I think, in the first place, that the man who asked that question perhaps is not fully cognizant of the way these bilateral agreements work.

Looking at it from the German point of view, I don't think there is any doubt but what the bilateral agreement is a matter of necessity, and not only of policy. The bilateral agreement is based on this arrangement:

Taking the case of Yugoslavia: Yugoslavia will export certain commodities to Germany and get, for those exported commodities, Reich Marks, which can only be realized on by the importation into Yugoslavia of commodities from Germany.

In the operation of those agreements, there are two factors that are adverse to Germany. In the first place, Germany pays slightly above the world price of the imports. In the second place, there is a slight range to the Yugoslavian exports in the price of the goods they get from Germany. But the Yugoslavian exporter has to take the goods that German is ready to export to him.

We know of two cases: one in which for a shipment of oil from Rumania, Germany sent Rumania a large number of Kodaks, and another, also a case in which a large shipment of typewriters was made to Yugoslavia.

In each case, goods that they did not want and which had to be liquidated in the world markets, so the truth of the matter is that no country which is engaged in the operation of bilateral agreements with Germany is willing to confine their trade to that kind of activity, because it is utterly impossible for them to support their own economic affairs on such basis. There are always a great many factors in their trade which require importation from and export to other countries, in the autocracies, and moreover, the commodities which are shipped to those countries from the democracies are in many instances, of course, not the same commodities at all. I think that in certain instances it would be very difficult for a competitor to meet the competition that is offered by Germany in the case where Germany happened to be a source where the country which was purchasing the commodity could get the type of commodity it wanted, in the amount that it wanted if from Germany, because of the advantage that the bilateral agreement gave the German importer. I think those instances are comparatively rare. Is that correct?

MR. VAN ZEELAND: Yes. I fully agree with Mr. Aldrich. So you have my opinion with the added benefit of better English. (Laughter)

PRESIDENT WILLKIE: I know you join with me in expressing very great thanks and appreciation to Dr. Van Zeeland, to Mr. Young and to Mr. Aldrich. (Applause) Dr. Van Zeeland is leaving shortly for Canada, to be the personal guest of Lord Tweedsmere, Governor General of Canada, and the Official Guest of the Canadian Government. We have asked him to carry on to those officials the respect and the affection of the Economic Club of New York.

Goodnight. (Applause)