The present European situation and prospects of peace.

1. The peoples in practically all belligerent countries are quite exhausted by war as well as demoralized. Most of them are underfed and at a low physical point of resistance. Speaking in medical terms, their circulation is bad and they are suffering from extreme anaemia.

2. The industrial and general economic life of the conquered countries is practically stagnant. The number of unemployed since demobilization is appalling. War also has badly demoralized the soldiers who are disinclined to work.

3. The nerves of all these defeated peoples are so badly strained that they are incapable of reasoning or behaving like normal, rational beings. This is especially true where they have lost all hope for their national future, as in Austria and in Hungary. All ordinary rules of logic fail when applied to people in this pathological condition. They badly need treatment by skilled physicians. They are falling fast into the hands of socialist and Bolshevist charlatans.

4. It is quite impossible for such people to contemplate the payment of any great debts or indemnities. The burden they have already carried has been more than they could stand. No matter how just their obligations, they no longer have the courage to assume any financial responsibilities. The very suggestion renders them desperate and fit subjects for Bolshevism. The imposition of heavy indemnities may render peace impossible. I do not see how even moderate indemnities can be exacted from Turkey, Bulgaria and a dismembered Hungary, already ruined by war itself.

5. Frontier adjustments in many instances, as for example even in the case of the cession of Alsace-Lorraine are of much less importance than the question of actual indemnities.
(a) But in the case of Hungary the proposed dismemberment would so mutilate a vital organism that it could not be expected to function healthily or really maintain its national existence. The loss of its mines, forests, rich pasture lands, and the utter dislocation of its economic organization would quite paralyze the nation.

(b) The people of Bulgaria are preparing to turn Bolshevists if the Government is asked to yield the Aegean littoral of Bulgaria to Greece. It is no idle threat but a terrible reality. Only the bayonets of the Entente could enforce and maintain such a territorial adjustment, and ensure peace in the Balkans.

(c) The creation of several mandates in Turkey will create only discontent among the people themselves, and rival fields of exploitation and enmity among the mandatories. The presence of Greece and of Italy in Asia Minor could only have the most lamentable consequences. Constantinople and what remains of Turkey should be placed under the same mandatory to avoid bitter antagonisms. Once the Straits are open to all, Constantinople ceases to have any value as a capital for the Turks though they might not immediately realize the fact. The United States should never be made a party to any plan to divide the Near East.

6. The United States cannot afford morally to underwrite any treaty in Europe that would require an array of bayonets to carry out its provisions. Having fought for and upheld unalteringly high principles and ideals, we would do better to sign no treaty than to assume any moral responsibility for a treaty opposed in any essentials to these principles and ideals. No one can safely affirm that any treaty now would last six months.

7. A League of Nations should never be saddled with the obligation to guarantee a new iniquitous status quo and to deny the rights of peoples to seek revolutionary readjustments.
8. The immediate problem before the world is not the liquidation of the past or the organization of the future. The world is facing a great social debacle, especially in Central Europe. Peace of some sort is an imperative necessity at this very moment in order to deal with this problem.

9. Whatever the nature of the peace settlement, every effort should be made to stimulate and reorganize the economic life of Europe. The Hoover Commission, with the help of philanthropic organizations, can do more than any other agency to give back health and sanity and hope to the utterly exhausted, diseased, insane and despairing peoples of Europe.

Note: Submitted in response to a request from Secretary Lansing and Commissioner White.