

“What do you think about the war?” wrote General Electric’s Chief Consulting Engineer, Charles Proteus Steinmetz, to his counterpart at Westinghouse, Benjamin Garver Lamme, on 17 Feb 1915. “It is as weird as the weirdest story but real.”

The bemused and uncertain tone Steinmetz took in this letter was a bit disingenuous. Steinmetz had already decided by the end of 1914 what he thought of World War I. That contest had begun in August, 1914 and would last until November, 1918. Steinmetz’s view remained consistent at least until the US entry into the war in early 1917, and perhaps until his death in 1923. It was a view distinct from, though in part combining, almost all the conventional polarities into which American views about the war were conventionally divided: Pro-Allies (Britain France and Russia) versus pro-Central Powers (Germany, Austria, and Turkey); Pacifist vs. Warmonger; Socialist vs. Capitalist; Neutrality vs. Preparedness; Isolation vs. Involvement.

Bypassing these simple polarities, Steinmetz had made his own more complicated theoretical analysis of the world situation to come up with a position he believed to be an unavoidable consequence of the logic of the situation. In electrical engineering, this kind of analysis had carried him to the very top of his profession. In the analysis of social issues, the method did not have as happy a result. His position proved not an answer, but a center of controversy.

He was seen by various foes, and even by some of his friends, as everything from a German agent to a supporter of the Russian War effort; from a naïve pacifist to a dangerous apologist for the use of military force; and from a socialist intent on destroying the American system to a capitalist profiting from it. When he had come to America, he had chosen as a new middle name Proteus, a reference to the Greek sea-god capable of both foretelling the future and changing his shape. Charles Proteus Steinmetz was never more Protean than in the years 1914-1917, when his attempt to foretell the future meaning of the Great War assumed these different and conflicting shapes in the eyes of his contemporaries.

Here Steinmetz’s single and consistent position will be presented in his own words. How that position meshed with a changing American foreign policy will be traced. The possible validity of the various interpretations, over the whole range from German Agent to Patriotic American, will be examined. (Spoiler alert: the conclusion will be Patriotic American).

When the Great War began, Steinmetz had recently developed a political position which might be called his “Second Socialism”. As a student in Germany, he had belonged to a student socialist club, an affiliation perhaps more inspired by camaraderie and intellectual excitement than political or revolutionary zeal. Coming to America, he had put his socialism on hold for about 20 years, though never renouncing it. His professional achievements contributed significantly to the success of his long time employer, one of the world’s preeminent capitalist corporations, General Electric. In 1911, he had joined the Schenectady local of the American Socialist Party, a move inspired more by the local political situation than by ideological loyalties. He had come up with a personal model of world evolution which he felt could be advanced slightly better by Socialism than by the alternative he nearly embraced in 1911-1912, the

Progressive Republican position that came to be led briefly by Theodore Roosevelt and his “Bull Moose” or Progressive party.

By 1914, Steinmetz had found that his personal brand of Socialism was best captured by an element coalescing around a magazine called the New Review, edited by William English Walling. Steinmetz saw in this outlet an opportunity to recapture the intellectual excitement of the best of the socialist publications of his German youth. He accepted a position on the New Review Advisory Board, joining such prominent intellectuals as Max Eastman and W.E.B. Du Bois. The New Review group, though nominally socialist, was, like Steinmetz, closer to Progressivism. In the eyes of more militant socialists the New Review clique, and similar groups, were derided as “sewer socialists”, willing to work within the system on such issues as better sanitation, education, and public parks (initiatives which Steinmetz was personally leading within Schenectady’s socialist government) rather than working to overturn the system.

As pragmatic socialists, the outbreak of World War I created a quandary for the New Review group. A call went out in the fall of 1914 to the Advisory Board for essays presenting positions on the war. Steinmetz was among those who replied. His answer is available in full on the Web (Google “New Review Contents by Issue”). He later condensed that position in explaining it to a friend, and here is that condensed version of what Steinmetz concluded about the Great War . Though written in April, 1915, it mirrors nearly exactly the longer and earlier 1914 version published in the New Review.

“As regards to the European war, from my knowledge of European conditions I believe it would be a disaster for civilization, if Germany were defeated, as this makes Russia dominant in Europe and give[s] a period of reaction, worse than the alliance of a hundred years ago [The Holy Alliance of British, German, French, Austrian and Russian monarchs that followed the defeat of Napoleon in 1815]. . We Americans do not realize this, as Russia is so far away, and we only think of civilized England and civilized France, and forget Russia with its over 80% of illiterates. However, as England and France can never defeat Germany, but a victory of the allies could be won only by Russia, it is obvious that the victor dominates. I consider the Slavs a very promising and capable race – I am partly Slav myself [Steinmetz was the son of a German father and a Polish mother] —and I think it probable that they may be the leaders of the white race after the German-Anglo-Saxons, but for generations to come they are not fit for leadership.

I believe, if Germany should win a decisive victory, the result would be a partial disarmament, since Germany is essentially an industrial and not a military nation. and militarism [is] only a result of the necessity due to their location. On the other hand a defeat of Germany would mean increased militarism, as it would merely be an armistice. That is the reason why I rather sympathize with the German side.

As regards to the cause of the war, I am entirely satisfied that it is the failure of an earlier nation, as England, to hold their own against the rising industrialism of Germany, which leads them to attempt to destroy by war a competitor which they could not meet in fair competition in the fields of industry and finance due to Germany’s superior organization by the centralized cooperation of executive ability, theoretical science and private enterprise with government encouragement. With “cause of war” I naturally mean the real cause, not the various forms of pretext, with the governments make for the sake of appearances, but which obviously cannot deceive any thinking mind.”

In short, Germany, with its “superior organization by the centralized cooperation of executive ability” was the wave of the world’s future. This was especially true since the admittedly militarist tendencies of the German elite minority could be kept in check by its educated socialist majority. The Allies, by contrast,

married the outmoded excessive individualism of the British Anglo-Saxons with illiterate, retrograde, and reactionary Czarist Russia. Steinmetz would deny again and again, perhaps, again a bit disingenuously, that this conclusion came from the emotional appeal of his German roots. It was due, he asserted to a dispassionate scientific analysis of world social evolution. The world was evolving toward a merger of the progressive dynamism of capitalism with the cooperative egalitarianism of socialism. Germany embodied that evolution, while both Britain and Russia, though in different ways, resisted it. The Great War represented the natural selection of the German version of progress, a version best fitted to the best human future.

A challenge this somewhat cold-blooded analysis presented was the meaning of the Great War to Americans. Were they merely to stand aside and watch this exercise in social evolution play out in apparently endless death and destruction? Or did the United States have a moral obligation to take a particular attitude toward the war?

Here Steinmetz felt an obligation to take part in the debate. Just before the war began he had been trending sharply upward as an intellectual celebrity. The appeal of his combination of physical disability and mathematical genius entranced the American public in much the same way as the story of British physicist Stephen Hawking entranced the public of a later era. In 1914, Steinmetz was approached by at least two editorial bureaus to produce regular syndicated editorials on popular subjects. The intention of the bureaus was to publish his take on the technological future, especially the future of electrical technologies. Steinmetz accepted the offer, but cast his net much wider. His editorials dealt with everything from the Open Door to China to the defense of the Panama Canal to the role of the submarine in warfare to the meaning of American neutrality in the modern age.

In the editorials Steinmetz sought to combine his dispassionate scientific analysis with his identity as a patriotic American. In the process, he became a lightning rod for the contrary views of everyone from his Schenectady and New Review socialist colleagues to at least one prominent GE colleague.

To his view of the mechanism of social evolution, Steinmetz added in his editorials his take on the meaning of American patriotism. To him, the United States needed to combine three elements. 1) A strict economic neutrality, a moral imperative; 2) Strict political neutrality, a political imperative tracing back to the two major pillars of US foreign policy, George Washington's rejection of "entangling alliances" and the Monroe Doctrine, and 3) Strong military preparedness, a survival imperative.

On point 1, strict economic neutrality, Steinmetz said: "We are at peace with all nations and we are already related with all...ours is the duty to teach the world a higher morality...teaching it to abolish war...let us... refuse to assist in any manner any nation which resorts to violence...let us refuse to loan any money to those nations and the war will quickly end."

On point 2, American political neutrality he gave his view of "the principles laid down by the founding of our nation" as follows: "to develop our own destiny without entangling alliances with European interests."

On point 3, preparedness, he rejected the equation of neutrality with absolute pacifism. While maintaining strict neutrality, the US should be prepared to resist militarily any attack on the homeland. In his editorials, he called for a stronger navy, the adoption of such new military technologies as the airplane and the submarine, and even developing the capability to defend the Panama Canal from future naval attacks by England, Germany or Japan by building an American-Controlled railroad through Central America to the Canal Zone.

This combination of policies seems, in the historical perspective of a century, to be certainly reasonable, patriotic, and, perhaps even in retrospect, the right choice. At the time it was put forward, however, this particular combination of policies served to distance Steinmetz from his friends and potential allies, each of whom disagreed strongly with at least one of his three assertions.

Most Americans who favored military preparedness, for example, even those who also favored political neutrality, rejected Steinmetz's version of strict economic neutrality. A prominent advocate of this combination of political neutrality, preparedness and a different kind of economic neutrality was the administration of President Woodrow Wilson. Along with probably a plurality or even a majority of Americans, the Wilson administration believed that economic neutrality meant the right of a neutral to trade with anyone in the world. In practice, in 1914-1916, this meant selling anything, including munitions, to the Allied (British, French and Russian) forces, who were able by means of a blockade, to prevent American ships from reaching Germany. In 1915, the Wilson administration added to this its approval of US banks lending money to the British, French and Russians to enable them to buy those munitions. Among supporters of this Wilsonian policy were Schenectady's Socialist Mayor George Lunn. Formerly a close ally of Lunn on local issues. Steinmetz opposed Lunn's emergence as a Wilsonian Democrat in mid-1915 over this issue of US economic policies favoring Britain.

Steinmetz preferred "to avoid any action, however permissible under formal law, which violates international and national morality by prolonging and increasing the slaughter of our European brothers." In practice, that meant putting in place an embargo on American trade with and loans to all the combatants, while simultaneously promoting the arbitration of the issues over which the combatants were fighting. America should submit its quarrels with both Germany and Britain "to a board of investigation mutually agreed upon and comprised of nations not involved in the controversy, and to postpone any hostile action for one year. If within this year, the controversy is not settled, then recourse to arms may be had." This position on economic neutrality and arbitration corresponded closely with that of Wilson's Secretary of State, William Jennings Bryan. Bryan, like Steinmetz, quickly came to deplore what he regarded as an un-neutral pro-British tilt in Wilson's policies, and resigned from the administration in mid 1915.

Steinmetz wrote in a June, 1915, editorial, that "we Americans hardly are in a position to condemn the Europeans, for our factories are working day and night to make the instruments of slaughter—at good profit." This condemnation of war profiteering put him at odds with his employer. "Monster order coming to GE Company", headlined the Schenectady Union Star on 4 June 1915, describing a multimillion dollar order for war munitions for Britain, France and Russia, headed for the Schenectady GE Plant under the auspices of the J.P. Morgan banking firm. These war orders came to include not only existing electrical products, but the installation of new manufacturing facilities to make such products as artillery shells.

Steinmetz was not driven to a Bryan-like resignation by his employer's economic opportunism. If anything, his personal actions took an opposite tilt. When he received in the mail on 10 Nov 1914 a prospectus from the Guaranty Trust Company of New York stating that "The changes in investment conditions brought about by the European War have made it possible to offer many of the highest grade securities at especially attractive prices," he responded not with indignation, but with interest. He wrote back asking for further information on the four most promising of those securities.

Steinmetz also parted company with Bryan, as well as his New Review associates and the majority of the American Socialist Party and the majority of its Schenectady Local on the subject of military preparedness. They all opposed Wilson's program of preparedness, with the

Socialists and New Review group going further and condemning absolutely the ideas of defensive war and nationalism. Steinmetz saw defensive war, which he believed Germany to currently be fighting, and the US likely to be faced with in the future, as entirely justified. So he believed that the “increase of the efficiency of our national defenses” was essential. Before the war, in 1913, he had written to the Chairman of the Executive Committee of the Navy League of the United States that “I...consider a powerful navy as the most important and essential means to insure the safety and the peace of the nation, and I should be very glad to have my name added to such a proposed petition.” His 1915 editorials further amplified this pro-preparedness position.

One such preparedness issue, the use of the submarine in warfare, perhaps most clearly illustrates the way Steinmetz’s position on the war inadvertently made domestic enemies. When he told a correspondent that his views on the submarine were “rather at variance with the present opinion of many of our citizens”, he demonstrated a previously unsuspected gift for understatement.

Steinmetz first angered many pro-British Americans by equating Germany’s use of the submarine to sink neutral ships with Britain’s use of a blockade to deny food shipments to German civilians. “Characteristic of the resent world’s war are an unheard of brutality, and an utter disregard of the rights of neutrals.” He wrote in June 1915. “England’s starvation policy of Germany: the attempt by killing millions of innocent women and children to defeat a nation which English arms apparently cannot conquer; the German submarine blockade of England, culminating in the sinking of the Lusitania, are acts, which would not have been expected from 20th century civilization.” In disregarding the rights of neutrals, Steinmetz concluded, “both belligerents have kept step with the other.”

He then turned around and offended his socialist and pacifist friends by his cold-blooded defense of the submarine as a legitimate and necessary defensive weapon. “The submarine is the newest and most terrible weapon in naval warfare, and in its short career it has outraged humanity and made war more inhuman than any other engine of destruction” he conceded. “But let us stop and think what we as a nation would do”. If a superior naval nation, Germany, or Britain or Japan, was to defeat our navy, invade our shores, and send munitions by ship to support their armies, “Will we Americans stand idly by ? ...Hardly...I do not doubt that we would send every submarine to destroy the passenger ships....America would in its national defense be able to gain more than any other nation by the relentless use of the submarine in war, which is hell.” America, he concluded “never will have a standing army of millions of men, never desire a navy superior to the combined navies of the present allies.” So for its own defense, the submarine was essential.

That combination of sympathy for the submarine, opposition to US economic un-neutrality, and advocacy of arbitration could easily lead others to offer a simple explanation: Steinmetz was simply pro-German and anti-British. In fairness to those critics, Steinmetz was probably, and understandably, more emotionally influenced by his personal background than he himself admitted. He supported charities helping the families of German and Austrian war victims. He joined the German-American Literary Defense Committee, a national organization aiming “to neutralize all possible effects of the anti-German press campaign and to prevent a serious breach between the citizens of German birth or parentage and those of other origin” by distributing such

booklets as “The English Yellow Press,” “Why the German nation Went to War.” and “Can Germany Be Starved into Submission?” He persistently portrayed the British as the attacker and Germany as the defender, dismissing the German invasion of Belgium as a defensive move that became a pretext for English aggression. He even characterized the US economic and social elite as British stooges. “The mental attitude of our leading classes,” he said, is more and more becoming a British colony.”

The climax of Steinmetz’s unintentional self-portrayal as pro-German came on 3 May 1915, when he was one of two principal speakers addressing a Pro-Neutrality Mass Meeting at a packed Van Curler Opera House in Schenectady. If not explicitly pro-German, the tenor of the meeting was clearly anti-British. The other principal speaker, Jeremiah O’Leary was a noted advocate of freedom for Ireland. He condemned Britain’s food blockade of Germany, without mentioning the German submarine campaign. Steinmetz in turn expressed concern about the pro-British attitude of the US “industrial, social and political government”. He then asserted that “for a generation the US has not been an Anglo-Saxon nation”, noting, with spurious precision, that the US was now “35% Anglo Saxon, 40% Irish German Dutch and Scandinavian descent, and 25% of Mediterranean and Slav descent” (drawing a scathing comment in a subsequent letter that he had entirely left out the 10% or more of Americans of African descent). Steinmetz envisioned a negotiated end of the war as a way of ensuring that the emerging new race of Americans would combine German efficiency with Anglo Saxon individualism.

Even more unfortunate than this naïve genetic determinism was Steinmetz’s timing. Just four days after he gave this talk, a German submarine sank the S.S. Lusitania, killing some 1200 people, including 124 (or perhaps 128) Americans. The Lusitania sinking did not turn the US into a pro-war nation. It did however, clearly change the conversation. It forced the submarine issue into the first place on the American agenda. Steinmetz’s cool analysis of the submarine was understandably seen by some as not American preparedness, but German apologetics.

Some, unbeknownst at the time, took matters even further. In letters to and meetings with the predecessor organization to the FBI in 1916, electrical engineer Charles L. Clarke, an early associate of Thomas Edison, accused Steinmetz of being not only a German sympathizer but a possible German agent. Clarke’s charges were somewhat vague. He noted Steinmetz’s editorials, presented Steinmetz’s high position in GE as offering opportunities to sabotage that Schenectady munitions program, and referred to suspicious midnight meetings at Steinmetz’s house.

While it is true that at least once Steinmetz convened a meeting of the local chapter of that German-American Literary Defense Committee at his home, there is not the slightest bit of existing evidence connecting him in any way with any overt activities such as espionage or sabotage. Nor is there any evidence that any German saw him, or sought to use him, as a German agent.

A contrary bit of evidence suggests Steinmetz was working not for Germany, but for Russia. During the war years, Steinmetz held the position of Honorary Chairman of the Russian American Chamber of Commerce, a New York City organization apparently dedicated to promoting American trade with Russia. In light of Steinmetz’s anti-Russian position noted

above, this is surprising. Here too, however, matters are not as simple as they first appear. The complicating factor is the role of an enigmatic Russian émigré with the pseudonym Ivan Narodny (John of the People). Narodny visited Steinmetz in Schenectady, continued to correspond with him, and apparently had Steinmetz's approval for that honorary chairman designation. Though sounding like a tool of the Russian war effort, The Russian-American Chamber's actual role may have been work for a revolution in Russia, a cause with which Narodny, a self proclaimed intellectual and revolutionary but perhaps merely a con man, earlier and later identified himself. Steinmetz's own purpose in working with Narodny and that American-Russian Chamber of Commerce remains to this day an unexplained mystery. This pro-Russian tilt was, however, little known to the public. It continued to be the accusation that Steinmetz was merely a pro-German that got the attention.

In this regard, it is of interest to examine what in fact, Germans did think about Steinmetz during the Great War. In 1916, the Federation of German Electro-Technicians, the country's electrical engineering professional society, was considering adding Steinmetz to its board of directors. The issue of whether or not to do so was not a technical one: "What Steinmetz has done as a scientist and technical probably does not need a review," the society noted in an information request to a physicist of the German Siemens-Halske Company, Dr. Karl Georg Frank. The issue was "how Steinmetz stands as a loyal German".

"Steinmetz has been an American for many years," Frank began, and his "views differ in many respects from the acknowledged German Empire standpoint. He has, in a most grateful manner, thrown the weight of his personality against the oppressive attacks of the Anglo Saxon Press." Steinmetz, Frank further noted, has shown that "the German spirit was in harmony with his ideals...All of us who stand on outposts and represent German interests are not only proud of him, but are also influenced and supported by him"

The bottom line for Frank was, however, included midway through the letter. "Steinmetz," he wrote, "has not allowed his conduct to be determined by money or material influences. He has always stood by his convictions"

Frank saw through the many clashing visions of Proteus and got it right. At bottom Steinmetz, though perhaps overconfident in his ability to scientifically analyze society, spoke and acted out of his genuine convictions, not out of either un-American sentiments or materialistic motives. He was consistently a believer in a cooperative non-revolutionary variety of socialism. He was consistently an American patriot. And he consistently advocated three pillars of American neutrality: economic neutrality and non participation in munitions supply; political neutrality consistent with Washington's Farewell address and the Monroe Doctrine; and the deterrent neutrality of military preparedness, with active self defense as the final option. .

Early in 1917, the final option of self defense came to the fore, when Germany decided to resume unrestricted submarine warfare. Germany appears to have concluded that the US was already such a key supplier of munitions and money to the Allies as to be effectively an enemy of Germany. Steinmetz remained consistent. For him, that third pillar of self defense now became decisive. The United States, he concluded after war was declared in February 1917,

must now fight, and must now respond as one people. He set an example by combining advocacy of national unity with personal participation in the war effort, doing technical work on a primitive version of the proximity fuse, a way of more destructively exploding artillery shells and bombs.

In conclusion, during the run-up to US participation in the Great War, the protean images of Steinmetz were in the eyes of his beholders, not in the mind of Proteus himself. . The Schenectady Socialist Local and his New Review colleagues saw him as too militaristic and nationalistic, while his former ally Mayor George Lunn saw him as too much a pacifist. Some of his GE colleagues, such as Clarke saw him as pro-German; anyone noticing his name on the masthead of the Russian-American Chamber of Commerce might reasonably conclude he was pro-Russian (or, if more knowledgeable, pro-Russian-revolution). Socialists could see his persistence as the chief consulting engineer of a privately-owned munitions producer as too capitalist. Capitalists could resent his socialist suggestion that a neutral munitions provider was a merchant of death. Advocates of a neutral's right to trade could see his trade embargo advocacy as naively idealistic, while advocates of outlawing the submarine might see his defense of the submarine as inhumanely pragmatic. Germans and German-Americans could view him as simultaneously German and American.

Behind all of these contradictory visions, lay an underlying unity. Though influenced by his own personal journey, and overconfident in his ability to analyze scientifically the world situation, Charles Proteus Steinmetz was from first to last a patriotic American. He was, however, one who believed that a crucial part of Americanism was having a mind of one's own. He saw no contradiction between divergent thinking and patriotic unity. His particular form of divergent thinking rested consistently on his three pillars of neutrality, a combination that few others shared.

His own words as keynote speaker at the American League for National Unity, Washington DC, on 14 June 1917, provide a fitting epilogue to his difficult journey on the road to war. "We are at war but are not as unified as desirable," he began. "The last years were perhaps the darkest period in our nation's history; a time of mutual recrimination [when the] differences of opinion between citizens, such as must and should appear in a democratic nation, were exaggerated into national crimes... many thousands of our best citizens have been insulted as hyphenates... allegations freely made of citizens more loyal to foreign nations than to our country". However, he concluded "there is an American nation, and there is an American race forming.....our program must be... assisting in everything that tends toward national unity."

References

New York Times Sept 13, 1914

STEINMETZ, EXILE FROM GERMANY, SIDES WITH HER IN WAR; Famous Electrical Genius, Though an Ardent Socialist, Finds Nothing Surprising in United Stand of German Nation; Thinks Great War Will Bring More Liberal Spirit of Government.

Steinmetz Letters Book 20, 117, 10 Sept 1914. Berthold Lechner to CPS 10 Sept 1914. Various organizations are collecting funds for the wounded soldiers and bereaved families of those killed. "large sums have been collected by the British, German, French and Belgian Committees... Only for the relief of the Austrian wounded... but a paltry few hundred dollars have been so far collected.... the reason is obvious while British, German French and Belgian –Americans tend to be "well to do merchants" "the vast majority of Austrians in this country are laborers."

Steinmetz Letters Book 20, 150, J. Meyer (?) an executive of the German American Shipping Line to CPS, 6 Oct 1914. To "Charles O. Steinmetz". "A number of prominent Americans of German descent or birth are endeavoring to bring articles about Germany before the intelligent American readers, for the purpose of a better understanding of the work that has been accomplished by Germany in every field of activity. Your name has been suggested"... request an article on "electro-technical subjects" Appears to have agreed to do so.

Steinmetz Letters Book 21, 9. 10 Nov 1914. Guaranty Trust Company of New York, "The changes in investment conditions brought about by the European War have made it possible to

offer many of the highest grade securities at especially attractive prices.” (Steinmetz 14, 12 Nov 1914 asked that Guaranty Trust send them their report describing the four most promising securities. }

Steinmetz Book 20, 137 William English Walling to CPS “Dear Comrade – The NEW REVIEW desires to get expression concerning the war from all of its Editors and advisory council (in 1500 words or less). The New Review advertises itself as “The Indispensable Socialist Magazine”.

Steinmetz is on the Advisory Council

Steinmetz letters Book 21, 41, 1914

Book 21 1 Dec 1914 “The German , Austrian and Hungarian General War Relief Fund will hold a bazar [sic] beginning December 5” in New York City in aid of the widows and orphans of German, Austrian and Hungarian soldiers who have lost or may lose their lives in the present tremendous struggle. Seeking “representative men and women of their respective nationalities” who “would confer prestige and distinction on the bazar by acting as its patrons and patronesses.” The Executive Committee has selected Steinmetz as one of these patrons. Steinmetz sent in the requested contribution of \$10.

Book 21. 69. 22 Dec 1914 David Rosenblum, President of Alexander Hamilton Institute New York City is sending CPS a “copy of the War Map of American Trade Opportunities in which you expressed interest.

Book 21. 70. 23 Dec 1914. Arthur Burnett, Public Ledger National Editorial Service, Philadelphia PA requests a 700 word editorial on a subject of Steinmetz’s choice: “The influence of the war upon electrical invention might be a good thought to take up.” Perhaps the first of a series.

Book 21. 106. 12 Jan 1915. J. Narodny. Managing Director, Russian Chamber of Commerce of America. NY City. “I beg to notify you of your election as Honorary Member of the Russian Chamber of Commerce, the object of which is to foster and conserve reciprocal trade relations between Russia and the United States.” The position is “merely honorary.” [Appears to have accepted, as his name is listed on future letterheads not only as a board member, but as honorary chairman]Book 21. 169. 23 Feb 1913. William O’Donnell, Secretary of the Russian Chamber of Commerce, invites C.P. Steinmetz to be chairman of an International Trade Conference under the Chamber’s auspices. Book 21 24 Feb 1915. C.P. Steinmetz to Wm. O’Donnell. “I appreciate the honor... I would prefer not to act as chairman... I am in the fullest agreement and sympathy with the purpose of the organization, and shall endeavor to attend the meeting... my familiarity with Russian conditions are so limited...”

Book 21. 155. 17 Feb 1915. C.P. Steinmetz to B.G. Lamme. [At the end of a long letter concerning AIEE and standardization matters] “What do you think about the War? It is as weird as the weirdest story but real.”

Reply to Above Book 21. 166. 23 Feb 1915. G.G. Lamme to C.P. Steinmetz. [After technical discussion} “As to the war, this must appeal to you more strongly than it does to me, for I have practically no knowledge of the country or the people in the war zone, while you doubtless are familiar with all those places. I do not think that it was fully appreciated before the war, to what

extent machinery, in broad terms would be so important. Artillery and transportation seem to be the two important features.”

Book 21. 156. 17 Feb 1915. C.P. Steinmetz to Wm. English Walling, editor, New Review. Though “the majority of American Socialists, at last the intellectual leaders of the movement are against nationalism” he believes that the subject should be discussed in an impartial manner in the New Review. The only subject that the New Review should take “as settled” is “the economic doctrine of socialism.”

Steinmetz Papers, Book 22,

Book 22. 176. 25 Feb 1915. W.F. Ridder [?] German-American Literary Defense Committee, NY City to C.P. Steinmetz. “The object of the Committee was to neutralize all possible effects of the anti-German press campaign and to prevent a serious breach between the citizens of German birth or parentage and those of other origin.” C.P. Steinmetz invited to be a member of the Committee of 500. C.P. Steinmetz sends \$10 [presumably accepts]

Book 22, 6 Apr 1915, 13. Albert A. Sauder to CPS, 6 Apr 1915. “The German-American Literary Defense Committee of which you are a member “offers the following pamphlets. “The English Yellow Press,? and “Why the German nation Went to War.” and “Can Germany Be Starved into Submission.”

Steinmetz Papers Book 22, 25 .Charles Henry Davis [Civil engineer and businessman, President of the National Highway Association, of which Steinmetz was a member] to C.P. Steinmetz, 9 Apr 1915. Notes that Steinmetz said that it was “best for the world that the best succeed”. The best is German. “A good many feel it would be best for the world if Germany is to succeed in the present European struggle.”

Steinmetz Papers Book 22, 36. C.P. Steinmetz to Charles Henry Davis, Elmwood, Cambridge MA. April 12 1915. “As regards to the European war, from my knowledge of European conditions I believe it would be a disaster for civilization, if Germany were defeated, as this makes Russia dominant in Europe and give [sic] a period of reaction, worse than the alliance of a hundred years ago. We Americans do not realize this, as Russia is so far away, and we only think of civilized England and civilized France, and forget Russia with its over 80% of illiterates. However, as England and France can never defeat Germany, but a victory of the allies could be won only by Russia, it is obvious that the victor dominates. I consider the Slavs a very promising and capable race – I am partly Slav myself—and I think it probable that they may be the leaders of the white race after the German-Anglo-Saxons, but for generations to come they are not fit for leadership.

I believe, if Germany should win a decisive victory, the result would be a partial disarmament, since Germany is essentially an industrial and not a military nation. A decisive victory, the result would be a partial disarmament, since Germany is essentially an industrial and not a military nation, and militarism [sic] only a result of the necessity due to their location. On the other hand a defeat of Germany would mean increased militarism, as it would merely be an armistice. That is the reason why I rather sympathize with the German side.

As regards to the cause of the war, I am entirely satisfied that it is the failure of an earlier nation, as England, to hold their own against the rising individualism of Germany, which leads them to attempt to destroy by war a competitor which they could not meet in fair competition in the fields of industry and finance due to Germany’s superior organization by the centralized cooperation of executive ability, theoretical science and private enterprise with government encouragement. With “cause of way” I

naturally mean the real cause, not the various forms of pretext, with the governments make for the sake of appearances, but which obviously cannot deceive any thinking mind. Thus the causes leading up to the war are very similar to those in the Seven Years War of Prussia, England taking the place of Austria, and Belgium that of Saxony.”

Steinmetz Papers Box 4C. C.P. Steinmetz June 1915. National Editorial Service. “England’s Interference with Neutral Trade.”

“Characteristic of the resent world’s war are an unheard of brutality, and an utter disregard of the rights of neutrals. England’s starvation policy of Germany: the attempt by killing millions of innocent women and children to defeat a nation which English arms apparently cannot conquer; the German submarine blockade of England, culminating in the sinking of the Lusitania, are acts, which would not have been expected from 20th century civilization; but we Americans hardly are in a position to condemn the Europeans, for our factories are working day and night to make the instruments of slaughter—at good profit.”

In disregarding the rights of neutrals, “both belligerents have kept step with the other. “

What does C.P. Steinmetz think of US Policy? It consists of sending stern notes to Germany and polite notes to England, while small minority of “hyphenated citizens of British descent [are] able to stop any action which England might not like” and assure Britain that “in reality America is a secret ally of Britain.”

Steinmetz Papers Box 4C C.P. Steinmetz Opening Address to the Organization Conference of the American League for National Unity, Washington DC 14 June 1917.

“We are at war but are not as unified as desirable.... The last years were perhaps the darkest period in our nation’s history; a time of mutual recrimination” when the “differences of opinion between citizens, such as must and should appear in a democratic nation, were exaggerated into national crimes... many thousands of our best citizens have been insulted as hyphenates... allegations freely made of citizens more loyal to foreign nations than to our country”... “there is an American nation, and there is an American race forming.....our program must be... assisting in everything that tends toward national unity.”

Steinmetz Papers, Box 4C, C.P. Steinmetz. The Monroe Doctrine. 16 Jan 1917

Is the Monroe Doctrine, particularly the part in which “we agree not to mix into the affairs of other continents” still valid? “What reason have we to expect that a new League to Enforce Peace, after the present world’s war can be any different from the Holy Alliance?” That is, “a league to crush all progress. “is it worthwhile for us to abandon the principle laid down by Washington and re-affirmed by Monroe, the principles which have made us a great, peaceable and prosperous nation.”

Steinmetz Papers Box 4C. C.P. Steinmetz. 22 April 1915. “Neutrality Meeting.”

“America’s interest is that of perfect and strict neutrality.... to take care and protect our business, our industrial and agricultural production and commerce, and use all our influence for peace and for an early ending of the terrible slaughter.... even if we should have to go as far as our nation has gone a year ago, when during the Mexican war we placed an embargo on the exportation of arms to Mexico on the high moral ground, that America should not contribute to the slaughter of people with whom we have no quarrel, especially when, without any fault or responsibility of ours – our exportation of arms would have helped the one Mexican faction and not the other one, since only one had control of harbors and therefore could import arms from us.”

Steinmetz Papers Box 4C. C.P. Steinmetz. Socialism and the War. First draft of New Review article. Includes the aside “leaving aside such hypocritical pretexts as the defense of the neutrality of Belgium, or

the punishment of the murder of the Austrian Crown Prince” just before the 2 causes of war. This was edited out of the article.

Steinmetz Papers, Box 4c. C.P. Steinmetz Our Defenseless Panama Canal. June 1915. The US must build a railroad connecting the Canal Zone with US territory to insure the Canal can be defended against a superior Naval power, England, Germany, or perhaps in the future Japan.

Steinmetz Papers, Box 4C. C.P. Steinmetz to Editor, New York Press. 15 June 1915. IN answer to leading questions about the Lusitania issue, the feud between Wilson and Bryan, and whether Wilson was “out of touch with his countrymen”/ C.P. Steinmetz views there seas “a form of criticism of our administration officials, which does not appear entirely proper.” Instead, give his opinion:

“To protest against any and every violation of international law... to work toward those modifications of international law which “are in the interest of humanity and more particularly increase the efficiency of our national defenses.” ...On the Submarine. “The submarine is the newest and most terrible weapon in naval warfare, and in its short career it has outraged humanity and made war more inhuman than any other engine of destruction... the laws of civilized warfare, as they were developed when nations fought on the water, and not under the water and in the air above the water, are being thrown aside” ... the submarine must “strike like a rattlesnake” When asked whether merchant ships carrying munitions and neutral passengers would be sunk, “humanity without hesitation says no. But let us stop and think what we as a nation would do”. If a superior naval nation, Germany, or Britain or Japan, was to defeat our navy, invade our shores, and send munitions by ship to support their armies. “Will we Americans stand idly by? ... Hardly...I do not doubt that we would send every submarine to destroy the passenger ships....America would in its national defense be able to gain more than any other nation by the relentless use of the submarine in war, which is hell. America never will have a standing army of millions of men, never desire a navy superior to the combined navies of the present allies...

Question 6. “Is your theory of the embargo based on pro-German leanings. “In a national editorial which I published a few days ago, I have fully explained the reasons which led me to favor a boycott of all warring nations as a permanent American policy as follows: “We are at peace with all nations and we are already related with all...ours is the duty to teach the world a higher morality...teaching it to abolish war...let us... refuse to assist in any manner any nation which resorts to violence...let us refuse to loan any money to those nations and the war will quickly end....As seen, my reasons have nothing to do with the interests of England, or Germany, or any other foreign nation, but are my views as American citizen.”

Question 7. Are you in favor of the German propoganda in this country? “I do not recognize any German, or Russian, or other foreign propoganda here. But if any number of American citizens, or any number of foreigners wish to explain their views to us, I shall be glad to give them a chance, if they comply with the laws of our country..”

Question 8. “Are you antagonistic to England?” “I probably have more friends in England and amongst Englishmen than in any other foreign country (except perhaps Japan)... But as an American citizen, I am somewhat afraid of England, as it is the only country which in my opinion may in the future threaten American independence.”

Question 9. “Why have you been so partial towards Germany in your written words and in your actions?” “This is not true” my views are those of “an American citizen” but “a skilled manipulator can make you appear partial to any interest.”

Question 10. “Is it not your firm belief that Germany will triumph in the war?” “... nobody yet can have a firm belief” but “there first year’s warfare was decidedly favorable to Germany” as the “Republic, Literary Digest, and other similar papers” also say.

Steinmetz Papers, Box 4C. C.P. Steinmetz "War or Arbitration" June 1915. "As long as war is not yet declared, it is not only the right, but the duty of every citizen to fully express his opinion in critical situations as the present, and to exert all his efforts against action which he considers as against the public welfare; only when final action is taken and is irreversible, then all citizens must rally around the government, and would in America, no matter from what country the citizens of their ancestors hail from." US in accord with arbitration principles favored by the US in the past, should submit its quarrels with both Germany and Britain "to a board of investigation mutually agreed upon and comprised of nations not involved in the controversy, and to postpone any hostile action for one year. If within this year, the controversy is not settled, then recourse to arms may be had." "... war would remain the ultimate recourse..." Bryan's position is in agreement with these "advanced principles of international relations."

On the issue of economic neutrality, the following may be of interest.

A Private Bank at War: J.P Morgan & Co. and France, 1914-1918

Business History Review, Spring 2000
From *U.S. History in Context*



This article examines the relationship between J.P. Morgan & Co. and France during the First World War. It argues that the dealings between the French government and the partners of J.P. Morgan & Co. from 1914 to 1918 were characterized by personal difficulties between successive French representatives and the partners of J.P. Morgan & Co. Contributing to a strained relationship was the place of Morgan, Harjes, the French affiliate of J.P. Morgan & Co., within the House of Morgan. Herman Harjes, the senior partner in Morgan, Harjes, though a proponent of Franco-American amity, became disenchanted with his New York partners as the war continued. The feeling was shared by those in New York, who reevaluated the role of Morgan, Harjes within the House of Morgan--until the French affiliate's eventual disappearance in 1926. While sympathetic to France, and instrumental in sustaining French credit during the war, the partners of J.P. Morgan & Co. conceived of the Allied cause as the British cause, a perspective that led them to rebuff calls for greater Franco-American financial cooperation.

The role played by the House of Morgan--consisting of J.P. Morgan & Co. in New York, Morgan Grenfell & Co. in London, Drexel & Go. in Philadelphia, and Morgan, Harjes in Paris--during World War I is well known. From August 1914 to April 1917, while the United States was neutral, the Morgan banks worked assiduously to further the Allied cause. Once it was apparent that the war was not going to end imminently, a formal relationship was established linking the House of Morgan and two of the principal Allies. In January 1915, J.P. Morgan & Co. was appointed the British government's purchasing agent in the U.S.; some months later, in May 1915, they assumed the same position for the French government. Acting through its Export Department, J.P. Morgan & Co. coordinated the purchasing requirements of the Allies in the United States, a task that became progressively larger as the scope of Allied buying increased. [1]

While J.P. Morgan & Co. was never designated Allied financial agent in the United States, the bank floated loans for Britain and France, handled foreign exchange operations, and advised British and French officials. J.P. Morgan & Co. developed a cordial relationship with Britain, but its dealings with France became strained over the course of the war. Once the U.S. entered the war as an associated belligerent, easing the acute dollar shortage facing the Allies, J.P. Morgan & Co. gradually withdrew from its former role. By 1918, the firm's work was confined to the liquidation of unsettled matters. As the war came to a close, it was apparent that the conflict had benefited the United States financially. Pre-war a debtor nation, the U.S. emerged as the strongest financial power in the world. J.P. Morgan & Co., the dominant Wall Street bank, was especially favored by this outcome.

Since its rise to prominence in the last quarter of the nineteenth century, the bank has attracted the attention of essayists, polemicists, Senate commissions, and historians. Much of this attention derived from three developments: first, Pierpont Morgan's role in the transformation of American finance and industry in the decades before World War I; second, the aforementioned involvement with the Allies, which led to charges that the bank, along with other financial institutions, conspired to maneuver the U.S. into the war on the Allied side to rescue its loans; and finally, the bank's role in postwar European reconstruction, which has attracted the attention of scholars interested in both the failure of stabilization and in Anglo-American rivalry.

1914-1915 US Policy on Loans to the Belligerents

Secretary of State Bryan to President Wilson:

Washington, August 10, 1914

My Dear Mr. President:

I beg to communicate to you an important matter which has come before the Department. Morgan Company of New York have asked whether there would be any objection to their making a loan to the French Government and also the Rothschilds -- I suppose that is intended for the French Government. I have conferred with Mr. Lansing and he knows of no legal objection to financing this loan, but I have suggested to him the advisability of presenting to you an aspect of the case which is not legal but I believe to be consistent with our attitude in international matters. It is whether it would be advisable for this Government to take the position that it will not approve of any loan to a belligerent nation. The reasons that I would give in support of this proposition are:

First: Money is the worst of all contrabands because it commands everything else. The question of making loans contraband by international agreement has been discussed, but no action has been taken. I know of nothing that would do more to prevent war than an international agreement that neutral nations would not loan to belligerents. While such an agreement would be of great advantage, could we not by our example hasten the reaching of such an agreement? We are the one great nation which is not involved and our refusal to loan to any belligerent would naturally tend to hasten a conclusion of the war. We are responsible for the use of our influence through example and as we can not tell what we can do until we try, the only way of testing our influence is to set the example and observe its effect. This is the fundamental reason in support of the suggestion submitted.

Second: here is a special and local reason, it seems to me, why this course would be advisable. Mr. Lansing observed in the discussion of the subject that a loan would be taken by those in sympathy with the country in whose behalf the loan was negotiated. If we approved of a loan to France we would not, of course, object to a loan to Great Britain, Germany, Russia, Austria, or to any other country, and if loans were made to these countries our citizens would be divided into two groups, each group loaning money to the country which it favors and this money could not be furnished without expressions of sympathy. These expressions of sympathy are disturbing enough when they do not rest upon pecuniary interests -- they would be still more disturbing if each group was pecuniarily interested in the success of the nation to whom its members had loaned money.

Third: The powerful financial interests which would be connected with these loans would be tempted to use their influence through the newspapers to support the interests of the Government to which they had loaned because the value of the security would be directly affected by the result of the war. We would thus find our newspapers violently arrayed on one side or the other, each paper supporting a financial group and pecuniary interest. All of this influence would make it all the more difficult for us to maintain neutrality, as our action on various questions that would arise would affect one side or the other and powerful financial interests would be thrown into the balance....

With assurances [etc.]
W. J. Bryan

Secretary of State Bryan to J. P. Morgan and Company:

*Department of State,
Washington, August 15, 1914*

Inquiry having been made as to the attitude of this government in case American bankers are asked to make loans to foreign governments during the war in Europe, the following announcement is made:

There is no reason why loans should not be made to the governments of neutral nations, but in the judgment of this Government, loans by American bankers to any foreign nation which is at war are inconsistent with the true spirit of neutrality.

W. J. Bryan

Vice President of the National City Bank to the Acting Secretary of State:

New York, October 23, 1914

Mr. Counsellor:

Supplementing our conversation of this morning, I desire to call your particular attention to the following conditions now existing in this country and abroad.

The outbreak of the European War came at a time when this country owed a large amount to Europe, particularly to England in the form of short time drafts, maturing between the outbreak of the war and the end of the year. The amount, while large, was not abnormal, considering the volume of our trade relations and was directly due to the anticipated shipment of cotton during the autumn.

War conditions, as you are aware, have made cotton bills unavailable for the settlement of this balance against us and it can only be wiped out by the shipment of the goods, in lieu of the cotton, that are now needed and desired by the various European countries. This is true, regardless of any temporary bridging over of the situation, and it has been the policy of the National City Bank, as far as possible and proper, to stimulate the unprecedented and unusual buying that is now going on in this country by foreign governments and their nationals. Since the beginning of the war this bank alone has received cabled instructions for the payment of in excess of \$50,000,000 for American goods and the volume of this business is increasing. Owing to war conditions, this buying is necessarily for cash and it is of such magnitude that the cash credits of the European governments are being fast depleted. Lately we have been urged by manufacturers who are customers of the bank and, in some cases, by representatives of the foreign governments, to provide temporary credits for these purchases. For that purpose we have recently arranged to advance the Norwegian Government some three million dollars, practically all of which is to be expended for cereals in this country. Very recently the Russian Government has placed directly, and through agents, large orders with American manufacturers -- such large orders that their cash credit has been absorbed and they have asked us to allow an overdraft, secured by gold deposited in their state bank, of some five million dollars.

Some of our clients have been asked to take short time Treasury warrants of the French Government in payment for goods and have, in turn, asked us if we could discount them or purchase warrants direct from the French Government for the purpose of replenishing their cash balances. We have also been asked by European interests practically the same question as to English Consols and Treasury securities. Some of our German correspondents have approached us with the suggestion that, without naming a particular security, we sell securities to increase their cash account with us, and we have little doubt this is indirectly for the purposes of the German Government.

We strongly feel the necessity of aiding the situation by temporary credits of this sort, otherwise the buying power of these foreign purchasers will dry up and the business will go to Australia, Canada, Argentine and elsewhere. It may in the end come back to us, but the critical time for American finance in our International relations is during the next three or four months and, if we allow these purchases to go elsewhere, we will have neglected our foreign trade at the time of our greatest need and greatest opportunity.

It is the desire of the National City Bank to be absolutely in accord with the policies of our own Government, both in its legal position and in the spirit of its operations and, while very anxious to stimulate our foreign trade, we do not wish to, in any respect, act otherwise than in complete accord with the policy of our government.

For the purpose of enabling them to make cash payments for American goods, the Bank is disposed to grant short time banking credits to European governments, both belligerent and neutral, and where necessary or desirable replenish their cash balances on this side by the purchase of short time Treasury warrants. Such purchases would necessarily be limited to the legal capacity of the bank and, as these warrants are bearer warrants without interest, they could not and would not be made the subject of a public issue. These securities could be sold abroad or be readily available as collateral in our foreign loans and would be paid at maturity in dollars or equivalent in foreign exchange.

This business which I have attempted to describe to you, we deem necessary to the general good and we desire to proceed along the lines indicated unless it is objectionable from the Government's standpoint in which case we assume that you will advise us.

Very respectfully yours,
Samuel McRoberts

Secretary of State Lansing to President Wilson:

Washington, September 6, 1915

My Dear Mr. President:

Doubtless Secretary McAdoo has discussed with you the necessity of floating government loans for the belligerent nations, which are purchasing such great quantities of goods in this country, in order to avoid a serious financial situation which will not only affect them but this country as well.

Briefly, the situation, as I understand it, is this: Since December 1st, 1914, to June 30, 1915, our exports have exceeded our imports by nearly a billion dollars, and it is estimated that the excess will be from July 1st to December 1, 1915, a billion and three quarters. Thus for the year 1915 the excess will be approximately two and [a] half billions of dollars.

It is estimated that the European banks have about three and [a] half billions of dollars in gold in their vaults. To withdraw any considerable amount would disastrously affect the credit of the European nations, and the consequence would be a general state of bankruptcy.

If the European countries cannot find means to pay for the excess of goods sold to them over those purchased from them, they will have to stop buying and our present export trade will shrink proportionately. The result would be restriction of outputs, industrial depression, idle capital and idle labor, numerous failures, financial demoralization, and general unrest and suffering among the laboring classes.

Probably a billion and three quarters of the excess of European purchases can be taken care of by the sale of American securities held in Europe and by the transfer of trade balances of oriental countries, but that will leave three quarters of a billion to be met in some other way. Furthermore even if that is arranged, we will have to face a more serious situation in January, 1916, as the American securities held abroad will have been exhausted.

I believe that Secretary McAdoo is convinced and I agree with him that there is only one means of avoiding this situation which would so seriously affect economic conditions in the country, and that is the flotation of large bond issues by the belligerent governments. Our financial institutions have the money to loan and wish to do so. On account of the great balance of trade in our favor the proceeds of these loans would be expended here. The result would be a maintenance of the credit of the borrowing nations based on their gold reserve, a continuance of our commerce at its present volume and industrial activity with the consequent employment of capital and labor and national prosperity.

The difficulty is -- and this is what Secretary McAdoo came to see me about -- that the Government early in the war announced that it considered "war loans" to be contrary to "the true spirit of neutrality." A declaration to this effect was given to the press about August 15, 1914, by Secretary Bryan. The language is as follows: "In the judgment of this Government loans by American bankers to any foreign nation at war is inconsistent with the true spirit of neutrality."

In October, 1914, after a conference with you, I gave my "impressions" to certain New York bankers in reference to "credit loans," but the general statement remained unaffected. In drafting the letter of January 20, 1915, to Senator Stone I sought to leave out a broad statement and to explain merely

the reasons for distinguishing between "general loans and credit loans." However, Mr. Bryan thought it well to repeat the August declaration and it appears in the first sentence of division 13 of the letter, a copy of which I enclose.

On March 31, 1915, another press statement was given out from the Department which read as follows:

"The State Department has from time to time received information directly or indirectly to the effect that belligerent nations had arranged with Banks in the United States for credits in various sums. While loans to belligerents have been disapproved, this Government has not felt that it was justified in interposing objection to the credit arrangements which have been brought to its attention. It has neither approved these nor disapproved -- it has simply taken no action in the premises and expressed no opinion."

Manifestly the Government has committed itself to the policy of discouraging general loans to belligerent governments. The practical reasons for the policy at the time we adopted it were sound, but basing it on the ground that loans are "inconsistent with the true spirit of neutrality" is now a source of embarrassment. This latter ground is as strong today as it was a year ago, while the practical reasons for discouraging loans have largely disappeared. We have more money than we can use. Popular sympathy has become crystallized in favor of one or another of the belligerents to such an extent that the purchase of bonds would in no way increase the bitterness of partisanship or cause a possibly serious situation.

Now, on the other hand, we are face to face with what appears to be a critical economic situation, which can only be relieved apparently by the investment of American capital in foreign loans to be used in liquidating the enormous balance of trade in favor of the United States.

Can we afford to let a declaration as to our conception of "the true spirit of neutrality" made in the first days of the war stand in the way of our national interests which seem to be seriously threatened?

If we cannot afford to do this, how are we to explain away the declaration and maintain a semblance of consistency?

My opinion is that we ought to allow the loans to be made for our own good, and I have been seeking some means of harmonizing our policy, so unconditionally announced, with the flotation of general loans. As yet I have found no solution to the problem.

Secretary McAdoo considers that the situation is becoming acute and that something should be done at once to avoid the disastrous results which will follow a continuance of the present policy.

Faithfully yours,
Robert Lansing