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Reckoning: Winter 1934–35

McDonald pressed on because he felt he must; there was so much yet to be done. Yet things had changed. McDonald was much less visible in fundraising; sometimes he was pushed into the background and asked not to speak, or he was simply overlooked. At a fundraising luncheon at the Savoy Hotel in London, speakers on the needs of the refugees included Jan Smutts of South Africa and the hostess, Lady Nancy Astor. Although McDonald was seated at the head table, neither he nor the work of the High Commission was acknowledged. On another occasion, Robert Cecil recommended that he not participate in a Church of England appeal that McDonald had organized with the Archbishop of Canterbury, suggesting that he would serve the efforts in England better through advice and help, and not by assuming a leading or coordinating role.¹

By late 1934, another issue was emerging that would have significant ramifications for the High Commission and the refugees. The German Saarland, a small industrial region on the frontier between France and Germany, had been under the authority of a League of Nations Commission since the Treaty of Versailles, pending a plebiscite on its future arrangements – restitution to Germany or incorporation into France – scheduled for 15 January 1935. As the date approached, a large majority vote for restitution to Germany seemed likely. The fate of anti-Nazi political refugees who had gone to the Saarland was in the balance. McDonald believed that they would fall under his High Commission's mandate as refugees from Germany. The League of Nations expressed no opinion on the arrangements it intended to make for these new refugees, in order not to complicate negotiations between the Saar Commission and the German government on guarantees of security after the plebiscite.

McDonald factored the new refugees from the Saarland into the High Commission's plans all the same. At the start of 1934, it was estimated that there were around 1,500 German refugees in the Saar, the majority of them non-Jewish

political refugees.² Their numbers grew as the Saar became a haven for German communists and others persecuted by the Nazis for political reasons, who could not obtain visas to go to another country. It had also become a place to which illegal refugees expelled from France could go. Should the vote return the Saar to Germany as expected, they would no doubt flee again rather than choose to live under Nazism. The French Foreign Ministry anticipated receiving about 40,000 of them, and declared that they would be treated as French men and women since they would have voted for incorporation into France. They would be exempted from the restrictions on refugees and be allowed to settle permanently. There was the question, however, of those who were not among the ones France intended to accept.³

For the moment the High Commission could only observe the situation. In the meantime, McDonald returned once more to his unresolved negotiations with the German government on the question of remittances of refugee assets abroad. The German Foreign Ministry might well have thought that they had resolved all the issues McDonald had raised. However, on the insistence of the British and American embassies in Berlin that the German government 'listen' to McDonald's 'plea on behalf of German Jewish refugees', a new opening for negotiations had been made.⁴

One agreement had been reached with German Foreign Ministry. German consuls would provide written advice when a passport would not be reissued. This, at least, would provide evidence to a foreign government that a refugee was without the diplomatic protection of the German government. The transfer of capital from Germany, on the other hand, was a matter on which the regime was unwilling to compromise. The remittances of all income from Germany to Germans abroad had stopped altogether during 1934. Nevertheless, McDonald insisted throughout that the impact this had on the refugees and the economies of states to which they had fled was a matter of international concern, and that negotiations on remittances must continue.⁵

Since McDonald's brief visit to Berlin in August 1934, Norman Bentwich had pursued fruitlessly the question of passports and documents of identity through correspondence with Paul Barandon of the legal section of the German Foreign Ministry. McDonald reported after his return, to his Governing Body and later to President Roosevelt, that he expected no compromise from the Germans. So what then did he hope to achieve by returning to Berlin? One reason was procedural. The Foreign Ministry had insisted that the transfer of German capital was a matter for the Reichsbank and the Treasury. Since the Reichsbank president, Hjalmar Schacht, was unwilling to meet with him, in McDonald's mind

these negotiations were still incomplete. Another reason was to ascertain who was now prepared to meet with him. He could then resolve this outstanding part of his mandate before winding up the High Commission.

The American embassy in Berlin made the arrangements for McDonald's interviews, but on his arrival no German official was prepared to see him. The vice president of the Reichsbank, Friedrich Dreyse, told the embassy that he was unavailable for three days, and Barandon advised that there was no point in his meeting McDonald since all the issues previously raised between the High Commission and the Foreign Ministry had been resolved. Only on the insistence of the American embassy, with a touch of added pressure, did Barandon make time to see McDonald, and Dreyse changed his schedule to meet him.⁶

Both the Reichsbank and the Foreign Ministry maintained that economic necessity was the reason for prohibiting foreign remittances, and no concessions would be considered. The position of its president, Schacht, was straightforward enough. No more money should leave Germany than entered it.⁷ What was for the Reichsbank a question of foreign exchange, was for McDonald a matter for the well-being of the refugees. British Jews were increasingly uneasy at the arrival of German Jewish businessmen and others with barely ten Reichsmarks in their pockets. By their estimates, the British agencies would have to make up an extra £9,000 each month for the welfare and upkeep of the Jewish refugees whom they sponsored.⁸ McDonald therefore not only appealed to German national interests, as he had done in his previous discussions. That was a familiar argument in Berlin. He now added that exceptions to the regulations on foreign remittances would not only improve the conditions of the refugees, but Germany would benefit from the broader perspective of its national policy. But since he was making no progress on his own terms, he raised a financial proposal prepared by Jewish organizations in Britain and Germany and submitted already to the German Foreign Ministry through German Jewish representatives. The plan envisaged offsetting foreign remittances with refugee aid funds. The money in blocked accounts could go towards a special assistance fund for Jews in Germany. Jewish agencies abroad, meanwhile, such as the Central British Fund, could then pay out as much as the value of this special assistance fund to refugees in lieu of their remittances from Germany. Their remittances, in other words, would be paid abroad from relief funds that would have been expended otherwise in Germany. The special assistance fund would in turn finance their relief efforts within Germany. No money would leave Germany; it was a simple matter of rearranging the direction of funds, for the benefit of Jews inside Germany, refugees abroad and the German economy. His

hosts acknowledged that the brief outline of the idea seemed practical enough, but Dreyse, a foreign exchange specialist himself, Barandon and others in the Foreign Ministry were unaware of this proposal and to whom it had been made. They would therefore not comment.⁹

This seemed to suggest some room to negotiate, McDonald believed, if the German regime was interested in a more organized Jewish emigration. But he could not even guess how the regime would respond to a Jewish proposal on German financial arrangements. The commercial arrangements entered into in the Ha'avara agreement in 1933, to facilitate the emigration of German Jews directly to Palestine, legitimized direct negotiations between Jews and the German authorities for their mutual benefit. The objective of the Ha'avara was to resettle Jews without a future in Germany; the new financial proposal McDonald outlined, on the other hand, was a desperate effort to do something for the well-being of Jewish refugees elsewhere. The very fact that Jewish organizations were prepared to agree to terms and to cooperate, however indirectly, with the Nazi regime on its anti-Semitic policies, illustrates the dearth of options and the desperate conditions of the refugees outside Germany. Nothing came of the proposal, however.

By the end of these discussions, McDonald had no doubts that nothing could be achieved by talking to the Germans. The officials he met all wanted to avoid responsibilities, and they would prefer not be talking to him. McDonald therefore left Berlin knowing that there was nothing to look forward to from the Reichsbank, and that very little if anything would come from the Foreign Ministry.¹⁰

Meanwhile, both France and the United States were moving to tighten even further their already restrictive immigration policies. The French government proposed a new law to further restrict work permits for new immigrants; they would also not renew work permits for immigrants who had arrived in the previous two years.¹¹ The numbers of new immigrants to the United States was also likely to be cut back further, with proposals for quotas to be reduced by 40 per cent. Although the German quota was for some 15,000 immigrants per year, the Immigration Commissioner believed this number was more than the United States could 'safely' admit. The reasons were depressingly similar to those in Europe when the refusal to allow refugees permanent settlement was justified: the problems of absorbing new immigrants and refugees in the current economic conditions, their tendency to congregate in the cities together with the difficulty of dispersing them in the countryside and the increase of anti-Semitism that accompanied Jewish immigration. Indeed, when McDonald visited Washington in December 1934 he found many Jewish intellectuals were complaining about the rise of anti-Semitism in America.¹²

The other depressing problem for McDonald, that of money to finance the High Commission, soon involved President Roosevelt and the senior levels of the State Department. Invited to dine at the White House on the evening of 17 December 1934 to report on events in Europe and his recent visit to Germany, McDonald described the problems his High Commission faced and expressed his wish that the United States make a contribution to its budget for 1935.¹³ A contribution from the United States government, even a symbolic one, McDonald assured Roosevelt, would encourage other governments to contribute; they had made promises but no contributions, and would not do so until one or other of the great powers took the lead. Great Britain, France and Italy would readily follow the American lead, he was sure, and then more would follow. Persuaded, Roosevelt agreed to an American contribution of \$10,000.¹⁴ Afterwards, however, the State Department told McDonald that a contribution would not be as 'easy as the President seems to think'.¹⁵ Roosevelt's promise was quickly mired in the State Department's budget process. On 3 January 1935, after more than one inquiry about the contribution's progress, McDonald learned that no special appropriation could be made and that the State Department would need to draft a special bill for Congress. Even if that were done, it would be of no help. The preparation of the bill and the lengthy budget process would go well into 1935, while the High Commission approached liquidation.¹⁶

The announcement that McDonald was intending to wind up the High Commission's affairs by the end of 1935 raised the question of what could be done for the refugees afterwards. It was a question that troubled McDonald as he planned to leave his post; he could move on but the refugees would remain. He asked the Governing Body in November for its opinions on the High Commission forging closer ties with the League of Nations and the continuation of its refugee services in another form. The High Commission's future was not a matter that they were prepared to discuss at the time, however, as they had no instructions from their governments.

McDonald was sure that he could expect no support from the League of Nations. Politics and diplomacy, he was well aware, would see that the welfare of the refugees was put to one side. Still, he canvased opinions, as much to confirm his views as to gain reassurance at the rightness of his own decision to stand down. When visiting Rome, he sought the advice of the British Ambassador, Sir Eric Drummond, former Secretary General of the League. Drummond agreed that there was little chance of the High Commission being brought into the League, since the League's intention was to 'slough off as rapidly as possible' its extraneous activities.¹⁷ In Geneva, the American observer of the League of

Nations, Arthur Sweetser, was no more reassuring. He was definite that the High Commission could not 'return' to the League because of the League's hope that Germany would return to its folds.¹⁸

By its actions, the League demonstrated its lack of faith in the High Commission. The Saar plebiscite of 15 January 1935 saw a massive majority of 91 per cent vote for restitution to Germany. The League had yet to announce arrangements for the refugees from the Saar, and McDonald, who was in Geneva to discuss these arrangements, had not yet been able to agree on a policy with his Governing Body should the High Commission be called upon to assist. He did, however, plead with the Secretariat for adequate resources if the High Commission was called upon to assist the Saar refugees, and suggested a quota to disperse the refugees across a number of countries. The League Council, McDonald learned, was only 'casually' interested in the humanitarian problem that would arise from the Saar and wanted the issue out of way. There would be between 5,000 and 10,000 refugees from the Saar who would in a short time overwhelm refugee committees, McDonald wrote to Cecil; the Council could not dodge its responsibility.¹⁹

The High Commission would have no role to play, however. The Saar refugees would not fall under its mandate, since, in the view of the League, its intervention might unnecessarily complicate the work of the Saar Commission in securing guarantees for those Saarlanders who had voted against return to Germany.²⁰ The League's position, finally, was that the Council would study the Saar problem in its May 1935 sessions, but no new funding would be voted on before the September Assembly. In the meantime France would assume responsibility for the Saar refugees, with the expectation that the League would reimburse its costs.²¹ A French memorandum noted specifically that it would not be 'efficient' for the High Commission to assume responsibility for the Saar refugees as it was detached from the League.²² McDonald set out another explanation in a memorandum to his Advisory Council: 'Germany had never liked the setting up of an institution specifically for the purpose of dealing with German refugees and my activities had not endeared me to the Reich and [Nazi] Party authorities.'²³

The worst expectations of a surge in the numbers of German refugees were not realized, however. France had anticipated about 40,000 refugees from the Saar, but the actual number was less than 15,000.²⁴ Despite earlier assurances, France did not open its border to them. By 25 January 1935, French officials in Forbach, on the Lorraine frontier with the German Saarland, reported that only about 3,000 refugees had crossed the border despite the French consulate in Saarbrücken having issued some 8,000 visas.²⁵ Just over 4,000 were admitted

by early February. By late February, the number of Saar refugees admitted into France was just under 5,000, although over 11,000 had sought entry. In other words, more than half were turned back.²⁶

The League's tardy response to the Saar plebiscite was not only final evidence that the League had no confidence in the High Commission for the Refugees from Germany. Its response to the Saar plebiscite also demonstrated a profound failure of the League itself, since it could not acknowledge its international responsibility for these new refugees, nor express confidence in its own institutions. The High Commission was not asked to take on the responsibility for the refugees from the Saar, and the League's own agency, the Nansen International Office, was also overlooked. Instead, the League accepted the assistance of the French government, on credit, rather than intervene itself. Secretary General Avenol would still do nothing that might enflame Germany and distanced the League Secretariat from the Saar Plebiscite and its consequences.²⁷

These circumstances pointed directly to problems that would follow the liquidation of the High Commission. It functioned badly and would not be missed, but the refugee problem would remain, and greater problems in the future seemed very real. There was no one body that could assume responsibility and display an international humanitarian commitment. Humanitarian action of any kind depended on the League deciding, under the pressures of the moment, how to respond; this would mean making compromises for political reasons. The Nansen Office, created in 1930, had a mandate for a distinct class of refugee and was itself scheduled for liquidation by the end of 1938. The mandate and structure of McDonald's High Commission quite simply prevented it from carrying out the important responsibilities that the Assembly recognized when it voted to create it. The Nansen Office and the High Commission for the Refugees from Germany shared fundamental flaws in their structures and operations, and both were unloved by the League, governments and non-governmental organizations concerned with the welfare of all refugees.

For Robert Cecil, regarded as father of the League of Nations for his work on its Covenant at the Paris Peace Conference, the timidity the Council had shown in hesitating to make a definite decision on the administration of the Saar refugees undermined the authority of the League. He was convinced from this point forward that the High Commission for the refugees could 'do some good' only if it became a 'regular League Commission', with the diplomatic authority and the resources that the League could provide. But in order to do this, the League had to recapture its former strength.

Cecil had grown noticeably depressed about the High Commission during January 1935. He was particularly scathing about the members of its Governing Body, who had so little influence on their governments.²⁸ His sombre mood came through in his correspondence with Sir John Simon, the British foreign secretary. The autonomy of the Governing Body and its personnel rendered it 'useless', he wrote to Simon in one of his reports as the British representative. He recommended that the British government support closer ties between the League of Nations and the High Commission since only that could improve the High Commission's ability to address the refugee problem. Till now, however, talk of the League assuming greater responsibility for a problem of Germany's making was highly sensitive and best avoided. Simon replied that the British government could not support closer ties between the High Commission and the League because it 'would irritate Germany' and 'might seem to imply that the government was prepared to assume a financial obligation' towards the refugees. To this Cecil replied that there was no longer anything to gain from 'courting Germany' or waiting for its cooperation; the refugees were not a problem of charity but were above all a political problem, something that had been quietly ignored since the High Commission's creation. He declared his intention of making a statement to the House of Lords along these lines.²⁹

McDonald found Cecil invaluable as chair of the Governing Body because of his experience in international politics and skill in diplomacy. The Governing Body might easily have broken down into petty bickering without him. McDonald frequently turned to Cecil for advice on how he should deal with issues and sought his opinion on the wording of sensitive matters in his formal statements. Cecil, however, was not active in the promotion of the High Commission to the public and took no part in funding appeals. He also had little to do with the British government on matters that came out of the Governing Body meetings. However, his passion for the role of the League of Nations in international affairs was undiminished. He was there at its birth in 1919, and remained fiercely supportive of it as a means of preserving peace. It was this idea that he promoted publicly during 1934. He took up the question of the future status of the High Commission because it provided an opportunity for the League to rekindle its purpose and salvage its past strengths.

His concern for the state of international affairs and the weakening of the League of Nations within a difficult world scene also spurred his advocacy for the cause of disarmament. His speeches and broadcasts stressed the need for the League to stand up for peace in the face of the many threats the world encountered. The League of Nations, he argued, must be strengthened, as it was the only

mechanism Europe had for preserving peace. The economic depression had demonstrated that each nation could no longer remain independent of others. Interdependence in commerce and trade and in political relations demanded a new way of conducting politics and diplomacy. The system of international law established at the peace conference, he maintained, was the one mechanism through which a new approach to politics and diplomacy could be fostered.³⁰

Lord Marley opened the debate on the problem of refugees in the House of Lords on 6 February 1935. He put these questions to the government: Whether the refugees from the Saar were considered to come under the mandate of the High Commissioner for the German refugees? What action was the British government taking to aid the High Commissioner in the resettlement of the refugees? Marley, an active refugee advocate, had formed his own committee for refugee assistance. He completed a speaking tour of the United States in 1934 to raise money for refugee relief, and through his work with the Russian association for the advance of the Jewish people (known by its Russian acronym, ORT), he had promoted Jewish refugee resettlement in the autonomous Soviet Jewish enclave of Birobidjan. Marley's communist sympathies made him suspect among refugee support groups, and he was consequently marginal to their work and their concerns.³¹ Yet he was nevertheless one of the more forthright advocates for the Jewish and other refugees from Germany. Before raising these question in the House of Lords, he clarified particular issues on the Saar situation with McDonald. McDonald also briefed Cecil on the details of the statement that he, Cecil, would make to the Lords.³²

Cecil spoke after Marley, questioning the efficacy of the League of Nations' stance on refugees while also questioning British policy. The Saar introduced a third category of refugees of concern to the League. Each of the three had been approached separately, Cecil explained: The Nansen refugees under the Nansen Office, the German refugees under the High Commission and the Saar refugees under a mechanism that was not yet determined. The need for a single organization responsible for all refugees was evident. He continued to state that Britain was wrong to approach the refugees in terms of British national interests. 'Anything that affects the tranquillity of the world', Cecil said, 'anything that threatens the friendship of one nation for another, is a matter of the most intense and direct British interest'. He concluded by asking the Lords and the government to 'realize the truth', that 'our great interest is the preservation of peace'. That required conviction and action, otherwise, 'we shall never succeed in restoring tranquillity and peace to the world and restoring prosperity to this

country'. In short, Cecil called upon the British government to recognize that the incorporation of the High Commission for refugees into the League of Nations would strengthen both.³³

When Undersecretary of State for War, Lord Strathcona, replied to Marley's questions and Cecil's statement, he gave a slight hint that the government might be willing to reconsider the British position. Strathcona began by stating that the procedural mechanisms of the League prevented the British government from moving in the direction that Cecil had suggested; the High Commission was created by a resolution of the League Assembly, and only another resolution of the Assembly could alter it. However, he conceded, the British government had already received the suggestion from Cecil through his capacity as the British representative on the Governing Body that the High Commission should become a part of the League. The suggestion would be considered sympathetically if the High Commission put a fully developed proposal to the League itself.³⁴ This gave a nod to Cecil that he and the High Commission should proceed to draw up a plan to put to the Foreign Office.

The next day McDonald met with the British Foreign Office to discuss further the integration of the High Commission with the League. He met with officials again on 11 February 1935 to ask for British leadership on the issue.³⁵ The early indications were that the government was still unmoved by the suggestion, and the formal advice McDonald received was that the government had not yet considered the question of the League assuming permanent responsibility for the refugees. McDonald and Cecil both decided that if governments would not press the issue, they would have to 'take the initiative' themselves.³⁶