# EASTERN EUROPE AND THE UNITED STATES

By Josef Hanč


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# EASTERN EUROPE AND THE UNITED STATES

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# WORLD PEACE FOUNDATION

40 Mt. Vernon Street, Boston, Massachusetts

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THE World Peace Foundation is a non-profit organization which was founded in 1910 by Edwin Ginn, the educational publisher, for the purpose of promoting peace, justice and good-will among nations. For many years the Foundation has sought to increase public understanding of international problems by an objective presentation of the facts of international relations. This purpose is accomplished principally through its publications and by the maintenance of a Reference Service which furnishes on request information on current international problems. Recently increased attention has been focused on American foreign relations by study groups organized for the consideration of actual problems of policy.

# PREFACE

The *America Looks Ahead* series made its initial appearance in January 1941 with the purpose of providing the American public with brief studies of vital issues, closely related to the position of the United States in a world at war and the problems of the post-war world. The first study dealt with our relations with Australia, the second with Canada, the third with *Economic Defense of Latin America,* the fourth with *Dependent Areas in the Post-War World,* the fifth with a review of our policy toward Argentina, and the sixth with an analysis of the development of the Netherlands East Indies and the importance of its future status to the United States. The current number in this series, *Eastern Europe and the United States* by Josef Hanč, lecturer in International Law and Organization, Fletcher School of Law and Diplomacy, fulfils the widespread desire for information in compact form on the relationship of America to the peoples of this part of Europe.

The author sets forth against the historical background and the events of the past twenty years the place of Eastern Europe in the plans for political and economic reconstruction after the war. The peace-requirements for 110 million people, after liberation from Nazi rule, are examined not only in relation to the European continent, but to the world as a whole. Significant considerations in a positive policy of the United States toward Eastern Europe should be the embodiment in practice of the principles of the Four Freedoms and the rebuilding of that area on such foundations that the threat of war is

removed and that new federal institutions may function for the development of a democratic Europe.

As is the general practice in the *America Looks Ahead* series, the Trustees of the Foundation are not to be identified with all or any particular interpretations presented by the author; but they commend them to the reader as the conclusions of a scholar in the field of Central and Eastern European problems.

GEORGE H. BLAKESLEE

*September 29, 1942*

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## CHAPTER I

# AMERICA'S STAKE IN EASTERN EUROPE

### The Moral and Social Stake

Any realistic approach toward the formation of a progressive and just society of nations must include complete understanding of the turbulent background of Eastern Europe, whose peoples again are being shoved about, placed in unnatural divisions and governed by *gauleiters* of more powerful neighbors.

Many Americans do not realize the tremendous part played by the United States in the formation of new Eastern Europe after World War I nor how much the freedom-loving citizens of those countries rely on America to finish this time the job so valiantly begun before.

It is not a task, as some presume, of an entirely magnanimous nature. America has a big stake in Eastern Europe. America needs peace in this rapidly contracting world to prosper and achieve fully her ideals of democracy. Eastern Europe can never be peaceful until the fundamental problems are settled with the aid of unbiased arbiters on merit rather than in terms of power politics.

Americans in 1917 made great strides in this direction, which were not completely nullified by the ensuing isolationist policy of the United States Government. Experts of the House "Inquiry" [1] went so far as to correlate the per-

[1] Created in September 1917 under direction of Colonel Edward M. House for collection of material in preparation for the Peace Conference. The technical staff of the U. S. Delegation to the Paris Conference was recruited mainly from this group of 150 experts.

tinent facts about Eastern Europe and the claims of the various nationalities. They formulated the results of their studies of the issues into solutions that would accord with the principles of President Wilson. During the discussion of these issues, particularly the boundary problems, they became negotiators in that they deliberated with delegations from the various countries, undertook research on the spot and recommended solutions. Although they lacked authority, for the Peace Settlement was essentially a political affair of the Principal Allied and Associated Powers, they did succeed to some degree in establishing the principle of self-determination.

The most outstanding role was played by President Wilson, himself. His voice spurred the efforts of the struggling nationalities seeking justice. His definition of international justice as "equality of rights and opportunities" became the Magna Charta of all who really sought a better international society. The Covenant of the League of Nations as the instrument of the new diplomacy was at the top of his program.

The American people, too, played a big part in the effort to establish bases of understanding for the solution of Eastern Europe's problems. Nearly 10,000,000 Americans are of Eastern European descent. Brought up in the spirit and practices of the Bill of Rights they were anxious and are anxious to see the lands of their ancestors obtain fair play. They find no conflict between their Americanism and the extension of moral and financial help to these submerged peoples but rather an addition to it.

At a convention in Philadelphia on October 26, 1918, delegates of 13 Eastern European nations joined with American friends to pledge incorporation of democratic principles into the organic laws of the governments they would establish in their homelands. The delegates were Poles, Czechs, Slovaks, Slovenes, Ukrainians, Lithuanians,

Albanians, Rumanians, Greeks, Croats, Italians and Zionists. Impetus was given again through American aid to extension of the democratic process.

The most effective help, of course, was given by American soldiers, who made victory for the Allies possible and are struggling to do it again. Although it would be an exaggeration to say that the idea of freedom for the Finns, the Baltic peoples, the Slav nations, Rumanians and Italians of the late Hapsburg Monarchy was conceived in the United States, it is an historical fact that its growth and strength are the result of the direct and indirect assistance of the United States and that its future again lies in the hands of this country.

America's moral and social stake in Eastern Europe is indeed large. Her strength and example are an inspiration to the freedom-loving masses of the populations.

## The Economic Stake

Although the United States withdrew officially from direct participation in European politics and from the work of world reconstruction and pacification through the League of Nations, thus upsetting the whole structure as conceived by President Wilson, the Washington Administrations did send delegates as observers to various international conferences. Private interests, too, were often represented and took leadership in various economic arrangements.

The United States also performed a major part of the humanitarian work of rehabilitating war-stricken and devastated areas and feeding the hungry millions of Europe.

Total indebtedness (payments on principal deducted) of Eastern European Governments to the Government of the United States amounted (in round millions) to the following sums, as of December 31, 1940:

| | | | |
|---|---|---|---|
| Austria | $ 26 | Latvia | 9 |
| Czechoslovakia | 166 | Lithuania | 8 |
| Estonia | 22 | Poland | 274 |
| Finland | 8 | Rumania | 67 |
| Greece | 35 | Yugoslavia | 62 |
| Hungary | 2 | | |

The grand total of all foreign obligations then owed the United States was $13,591,682,576. The countries of Eastern Europe owed 5½% of this amount. The proceeds of these loans were used to purchase goods and materials during and after World War I.

In World War II four Governments-in-exile from Eastern Europe are among the beneficiaries of the Lend-Lease Act—Poland, Czechoslovakia, Yugoslavia and Greece.

Besides these government loans the American economic stake in Eastern Europe includes dollar bonds representing loans made by American private interests to various governments, provincial administrations, municipalities, central and mortgage banks, ports and waterways administrations, etc. These outstanding dollar bonds amounted in 1940 to $359,826,862, and were distributed (in round millions) as follows:

| | | | |
|---|---|---|---|
| Austria | $37 | Greece | 36 |
| Bulgaria | 17 | Hungary | 18 |
| Czechoslovakia | 4 | Lithuania | 5 |
| Danzig | 4 | Poland | 78 |
| Estonia | 3 | Rumania | 88 |
| Finland | 14 | Yugoslavia | 56 |

The total of dollar bonds for all Europe was $1,293,965,815. The countries of Eastern Europe participated in the total by one third. Many of these loans have been defaulted since the world economic depression and the rest, except Finland, since the outbreak of war in September 1939.

The above figures do not include direct investments by

Americans in Eastern European business. Immigrant remittances to Eastern Europe in 1928 amounted to $65,000,000, of which $25,000,000 went to Greece and $18,000,000 to Poland.

Eastern Europe's total share in world trade during the years 1927–29 was 7.26% as compared with 13.93% held by the United States. Czechoslovakia's share of 1½% topped the Eastern European list, with Austria second. Foreign trade of the whole region averaged $47 per capita annually as compared with $3 in China and $195 in the United Kingdom.

Most Eastern European trade normally remained within Europe but during the 1927–29 period the United States received 2.3% of its total imports from Eastern Europe, chiefly from Czechoslovakia and Greece. United States exports to this region were 1.5% of its total and were delivered principally to Austria, Finland and Greece.

A large part of American exports to Eastern Europe were listed as imports from Germany, the country of transit. This was especially true of Czechoslovakia. Therefore, the actual imports from the United States were considerably higher than the figures indicate.

These few statistics serve to indicate the possibilities of future development in economic relations between Eastern Europe and the United States. They show that Eastern Europe is a potential market of great value for goods and capital. By an economic policy of inner expansion and the efficient utilization of its resources through solution of its political problems, Eastern Europe could gradually become a valuable associate in the fields of trade and commerce.

## The Political Stake

The average American has considered his country's political stake in Eastern Europe even more unimportant than its economic interest there. Until recently the small

nations of the Baltic-Danubian-Balkan belt have been viewed as a peculiar and quarrelsome lot unable to rest and always fighting among themselves.

Important centers like Prague, Warsaw, Budapest, Bucharest, Belgrade seemed inaccessible both geographically and mentally. But the war has changed all this. Americans are growing to learn that a world system cannot exist half slave and half free and that these unfamiliar places are milestones in the struggle.

Perhaps President Roosevelt expressed it best when he said in April 1940: "If civilization is to survive, the rights of the smaller nations to independence, to their territorial integrity and to the unimpeded opportunity for self-government must be respected by their more powerful neighbors."

World War II began in Europe's ebullient eastern fringe. So had World War I. Both wars originated in the Germanic drive toward the East and the Germanic desire to dominate Eastern Europe's nationalities. The Germans have known for a long time that subjugation of the smaller countries of Eastern Europe was necessary before they could challenge the might of the great world empires. The fatal shot at Sarajevo, which signaled the outbreak of the first World War, and the German-Polish dispute over Danzig and the "Corridor," which heralded the second, were both apparently minor incidents which bloomed into conflicts of titanic dimensions. From incidents in Eastern Europe grew problems so vast that only international cooperation could solve them but it took two wars before many of the political leaders realized this salient fact.

Daily the world grows smaller. The old idea of "limited liabilities" is discarded as obsolete. Seemingly remote incidents and places plunge a whole world into war. Local issues become chronic international affairs. The futility of trying to divide the world into spheres of influence becomes apparent. The European problem has become

again in large part the world problem of what to do with Germany. It becomes clear that the solution of the German problem cannot be dissociated from the solution of the political issues basically inherent in both the western and eastern fringes of Europe.

World War II clinches the argument for the indivisibility of security, totality, the oneness of the whole international community. In fact, a direct chain of iron logic connects the occupation of Prague in March 1939 with the Japanese attack on Hawaii in December 1941.

World War II proves that what the language of the old diplomacy used to call "general issues" are no longer distinct from "vital national issues." It shows that the United States can no longer afford to keep out of collaboration for the solution of problems everywhere.

Events in "remote" places of "little interest" have plunged the United States into war twice within a quarter century. Eastern Europe's political problems are America's political problems.

CHAPTER II

# GENERAL CHARACTER OF EASTERN EUROPE

## WHO ARE THE PEOPLES?

Eastern Europe is more than a geographic notion, a strategic area, a conglomeration of incoherent humanity, a mere fringe of Europe. It is the ancestral home of more than 100,000,000 people squeezed into a region only four times the area of Texas.

They include:

| | | | |
|---|---|---|---|
| 24,000,000 | Poles | 3,500,000 | Croats |
| 14,000,000 | Rumanians | 2,500,000 | Lithuanians |
| 10,000,000 | Magyars | 2,000,000 | Slovaks |
| 8,000,000 | Czechs | 1,500,000 | Letts |
| 6,000,000 | Austrians | 1,000,000 | Estonians |
| 6,000,000 | Greeks | 1,000,000 | Slovenes |
| 5,000,000 | Serbs | 1,000,000 | Albanians |
| 5,000,000 | Bulgarians | 1,000,000 | Turks |
| 4,000,000 | Finns | | |

To these should be added 6,000,000 Germans (other than Austrians), 5,500,000 Jews and about 5,000,000 Ukrainians as well as a number of smaller groups of Swedes, White Russians, Macedonians, Balkan Vlachs and Gypsies.

The Finns, Letts, Estonians, Lithuanians and Poles are the five ethnic groups of the Baltic Seacoast. The seven groups in the Danubian basin are Czechs, Slovaks,

Austrians, Magyars, Slovenes, Croats and Rumanians. The five peoples of the Balkans are Serbs, Albanians, Greeks, Bulgarians and Turks. Ukrainians from the east and Germans from the west have penetrated the area.

The divisions among these ethnic groups are seldom precise. The frontiers of Eastern Europe have undergone numerous and radical shifts, many of which cut directly across homogeneous ethnic blocs. Political boundaries have been imposed from above but arbitrary lines have failed to break up the underlying feeling of ethnic unity among these peoples.

In Western Europe, where political frontiers remained largely immovable for centuries, ethnic variation was caused by migrations from one stable country to another. In the East, on the other hand, the ethnic groups represent the immovable element—the frontiers move about but they stay put. In the United States the problem of nationalities is concerned with assimilation but in Eastern Europe it demands ethnic unification and federation.

## The German Minority

Although they comprise a relatively small minority of 6,000,000 out of more than 100,000,000 inhabitants of Eastern Europe, the Germans have brought about the problems of greatest gravity. They often looked upon Germany as their protector, if not as their mother country. This was particularly true of the German nationalists and Pan-Germans since the latter part of the nineteenth century. The Nazis used them as a spearhead of expansion.

The Germans began to penetrate the lands of almost every ethnic group in Eastern Europe in the thirteenth century as colonists in search of farming land and trades or as crusaders. Under Prussia, colonization was an official policy, lavishly supported by government funds and ruthlessly executed. In Austria-Hungary, dominated by the

Germanic-Magyar coalition, the denationalization of the Slavs proceeded along two lines: enforcement of the use of the German language and colonization of Germans on the land to promote their social and economic growth.

Often, in the Middle Ages, Germans were invited to populate open spaces or to mine undeveloped natural resources. They almost invariably resisted assimilation, lived in isolated groups and, having the support of the Germanizing court of Vienna, insisted on retaining a privileged position. The Baltic barons, for example, kept their exclusive privileges throughout the rule of the Russian Tsars and became the absolute masters of the native populations. It was from descendants of these early colonists in Eastern Europe that Hitler recruited the Fifth Column which helped hoist the swastika.

## Unity Through the Years

The Czechs, Slovaks and Poles occasionally gravitated toward one another because of linguistic similarity and as an expression of the undercurrent of Slav solidarity. This centripetal attraction was particularly strong among the Czechs and Slovaks. In two widely separated historical periods the two peoples formed a single political unit—the Moravian Empire in the ninth century and the Czechoslovak Republic after 1918. During the intervening centuries the Czechs lived apart in the Austrian half of the Hapsburg Monarchy while the Slovaks were kept in the Hungarian half. The Germans, who were the ruling group in Austria, attempted for a long time to impose their form of civilization upon the Czechs. The Magyars of Hungary tried to do the same to the Slovaks. In the middle of the nineteenth century the Slovaks developed their own literary medium to forge national unity in the throes of Magyarization. Austrian Germanizing centralization antagonized the Czechs; Magyar feudalism oppressed the