

The History of the Twentieth Century

Episode 233

“Uncle Shylock”

Transcript

[music: Fanfare]

When the Great War ended, the governments of the European Allies collectively owed the United States about \$12 billion, almost exactly the same amount those Allies were demanding from Germany in reparations.

Some Americans criticized the Allies for being too harsh with Germany and pressed them to ease up on the reparations demands. But when it came to Allied debt to the US, the American government was inflexible. You signed the papers. You knew what you were getting into. A promise is a promise.

The Europeans resented the American hard line and, inspired by Shakespeare’s *The Merchant of Venice*, in which a moneylender demands a pound of flesh from a debtor who can’t pay, began to refer to the US as “Uncle Shylock.”

Welcome to *The History of the Twentieth Century*.

[music: Opening Theme]

Episode 233. Uncle Shylock.

Today I want to begin talking about the international economy during the Jazz Age. This is a topic I have touched on before and promised to come back to, so here we are. It’s time to begin.

As I’ve said several times already, the great dream of the postwar Western world was to get the international economy back to where it was during the glory days of the Belle Époque, when Western economies were regularly posting growth rates of 2-4% per year, a degree of prosperity never seen before in human history. The great frustration of the postwar Western world was its inability to bring back those good old days.

We looked at the Treaty of Versailles and the reparations payments it imposed on Germany at some length, especially in episodes 212-215, during our 1919 World Tour. These reparations

payments are one piece of the puzzle that is the international economy of this era, but they are only one piece. Today, we are going to look at a few more.

The number one reason why the world economy of 1920 was so different from the world economy of 1913 was war debt. The Allied nations had all borrowed heavily to finance the war, and the imbalances caused by all this debt were the main obstacle to getting the world economy back on track. Allied debt was also creating most of the pressure to squeeze reparations payments out of Germany. The Allied governments, especially France, needed that money to pay their own debts.

What scale of debt are we talking about here? I'm going to give these figures in US dollars of the period, because that's a convenient measure. Bear in mind that a US dollar in 1920 is worth something like fifteen US dollars in our time. A caveat here. Back in episode 212, I said a dollar then was worth 26 dollars now. That was overstating it some. These numbers are hard to cite with authority, because it depends on how you measure the value of a currency, and also keep in mind that there was quite a bit of inflation in the United States at this time, so the value of a US dollar declined quite a bit between 1914 and 1924. Also, it's hard to make an apples-to-apples comparison of a currency over the course of a century in which so much has changed. Some things that were cheap in 1921 are expensive today, and some things that are cheap today were expensive or altogether unobtainable in 1921, so that complicates the picture. End of caveat.

Before the war, the City of London, or just "the City" as the British like to say, analogous to how Americans use "Wall Street" as a metonym for New York's financial institutions—the City controlled about \$20 billion in foreign investment, which brought in about a billion dollars a year in foreign income into the British financial system.

Paris, Berlin, and New York were also important financial centers at this time, but the City was in a league by itself. Half the world's investment capital came from the City and two-thirds of world trade was financed there. But during the war, British capital dried up and much of that foreign investment was liquidated to pay for the war, costing the UK economy that billion dollars a year in foreign income.

Prewar France had about \$9 billion dollars in foreign investment, and significantly, half of that money was in Imperial Russia. Longtime listeners will recall from the Belle Époque days of the podcast how the French financed industry and especially railroads in Russia as a way of shoring up the Franco-Russian alliance and making Russia that much more formidable a threat to Germany. So when Russia's new Bolshevik government repudiated its foreign debts, the French economy lost close to \$5 billion in investment overnight, along with the income that investment generated.

And then there were the war debts. The UK itself was owed about \$11 billion from its European allies, including \$3 billion from France and \$2.5 billion from Russia that is never going to be

repaid. The United States was owed about \$12 billion, including \$5 billion from the UK and \$4 billion from France.

From the early days of the Paris Peace Conference, the Americans objected to the levying of heavy reparations payments against Germany, and from the early days, the British and the French floated proposals under which they would reduce their demands on Germany, if in return the Americans would agree to forgive some portion of the Allied war debt. I've mentioned the question of debt forgiveness in passing a couple of times now, as we talked about the peace negotiations.

And, you'll recall, the Americans were adamantly opposed to this linkage. American officials took a narrow and legalistic view that went like this: reparations were in the nature of a punishment, like a judge imposing a fine on a lawbreaker. You have to take into account the severity of the offense and the defendant's ability to pay, and reasonable minds might differ on what would be the appropriate amount. Debts, on the other hand, were commitments freely entered into by competent adults who knew exactly how much they were promising to repay. There was no room for debate. You made a promise; now you must keep it.

The British economist John Maynard Keynes, who was part of the UK delegation in Paris, presented his own idea on how best to resolve the postwar economy. It went like this: Germany would pay \$5 billion in reparations, in the form of long-term German government bonds, which would be handed over to Allied governments, who would in turn hand them over to the United States, which would then accept them as payment in full for Allied war debt. In other words, America, flush with cash, would loan it to Germany, which would pay it to Britain and France, who would send it right back to where it came from.

Very simple. Very elegant. And to the Americans, unacceptable.

The American position would continue to be that reparations and debt payments were two separate issues, and that a promise was a promise.

The United States experienced its share of economic and social shocks in the year 1919, as we saw in episodes 203 and 204, but the situation in Britain and France was worse. In Britain, food rationing continued until May, and even afterward, some staples, like bread and sugar, remained hard to get for the rest of the year.

In Paris, even after the Treaty of Versailles had been signed and Woodrow Wilson had returned to America and the Peace Conference was winding down to committees of technical experts hammering out the final details, the City of Lights still went dark every night at 10:00 PM, for lack of coal to keep the electricity flowing. The French GDP was only about 70% of what it had been in 1913.

The English landed aristocracy, the economic and political elites who had led the UK through the previous century, had been decimated by the Great War. Their sons, the young heirs to great estates and great fortunes, were disproportionately represented among the junior officers on the front lines, who had been killed in action at triple the rate of the enlisted soldiers they commanded. Those who did survive the war returned to discover that wartime inflation had diminished their wealth, while the collapse in farm prices had diminished their incomes, often to the point that great families that had held estates for centuries were forced to put them up for sale...at a time when land prices were falling.

So the old-school aristocrats were disappearing from British government and financial elites, replaced by a new breed: tough-minded business and financial types, who gave not a whit who your father was; they only wanted to know the state of your balance sheet. Tories and other traditionalists were appalled. The aristocratic system that had made Britain great, the top-hatted gentry who had built the Empire, had been taken down and displaced by a bunch of bankers in bowler hats. Disgraceful.

By the end of the year 1919, it was clear even to the staunchest optimist that peace would not return as quickly or as easily as had been hoped in the euphoria that followed the Armistice. The Great War had ended, but the little wars it had spawned, regional conflicts, revolutions, and civil disturbances, burned on like persistent embers after a great fire, embers that continued to smolder long after Allied fire engines had run dry.

No one in 1920 spoke of a “special relationship” between the UK and the US. That phrase was coined by Winston Churchill in 1944. Before the Great War, the two nations had been rivals, and occasionally enemies, far more often than they had worked together cooperatively. Still, there were ties of language and religion and culture and a shared commitment to democracy that created a sense of affinity. In the United States, the largely Anglo-Saxon moneyed elites of the Northeast were confirmed Anglophiles. Not so much the other segments of American society, notably farmers, who looked askance at British moneylenders, and Irish-Americans, embittered by the ongoing conflict in Ireland.

In the United Kingdom, the situation was reversed. The common people saw Americans as linguistic and cultural cousins, but the British elites regarded the US with suspicion. Even before the war, the British financial community saw their American counterparts as unsophisticated rustics who had lucked into great wealth and didn't know how to manage it properly. Think *The Beverly Hillbillies*. British elites were happy enough to have the US as an ally during the war, but after the war, the old resentments resurfaced, along with some new ones. UK and US officials got into a naval rivalry almost before the ink was dry on the Armistice agreement, with the Americans threatening to outbuild the Royal Navy and the British vowing never to allow that to happen, much like the pre-war naval race with Germany all over again. Then came the US betrayal over the League of Nations. And the US abandonment of the Armenian Mandate.

But the issue that provoked the most resentment in Westminster and the City was the war debt Britain owed to the Americans. British politicians had no patience for American moralizing over how a promise was a promise. The US had stood aloof during the first three years of the most terrible war in history, its businesses raking in immense profits with little risk while British and French youth bled and died in the trenches. Some suggested that the Americans had deliberately held back and allowed their European allies to be bled white before at last intervening to claim an equal share of the victory while shouldering but a little of the sacrifice.

In February 1922, the US Congress passed an act creating the World War Foreign Debts Commission to negotiate repayment terms for the outstanding Allied loans. The five-member commission would include Secretary of State Charles Evans Hughes, Secretary of the Treasury Andrew Mellon, Secretary of Commerce Herbert Hoover, Republican Senator Reed Smoot of Utah, and Republican Representative Theodore Burton of Ohio. The Act explicitly forbade the commission from agreeing to anything more than 10% debt relief; that is, the debtor nations would at a minimum have to pay 90% of what they owed.

On August 1, 1922, Arthur Balfour, former prime minister, he of the Balfour Declaration, now acting for the Foreign Office in the last days of the Lloyd George ministry, send a diplomatic note to the UK's principal debtors: France, Italy, Greece, Portugal, Romania, and Yugoslavia on the debt situation. In this note, Balfour explicitly linked Allied debt to the UK with British debt to the US. He argued that Britain had paid for its own military efforts out of its own tax revenues and domestic borrowing. Much of the loans the British had made to its allies were likewise funded domestically.

But since the other European allies were not able to underwrite their own war expenses, recourse had been made to the United States. As Balfour framed the story, the US had not been willing to lend to Britain's allies unless Britain agreed to secure those loans, to cosign them, in a manner of speaking. Balfour was careful to underscore that allowing this arrangement was "of infinite value to the common cause," but it was not the case that Britain enjoyed any "special privilege or advantage."

In the nearly three years since the Armistice, Balfour said, Britain had not asked its allies to make any payment, interest or principal, on the wartime loans. But if the United States was going to insist on full payment of British debt owed to it, then Britain must look to its own allies for the funds necessary to repay the Americans. As Balfour put it, "For it should not be forgotten, though it sometimes is, that our liabilities were incurred for others, not for ourselves." Balfour noted the economic ills from which the world was then suffering, and named the heavy debt burden facing many nations as one of the causes, then questioned whether insisting on payment in full, the American position, was the right answer for what ailed the world economy. "To generous minds it can never be agreeable...to regard the monetary aspect of [the Great War] as a thing apart, to be torn from its historical setting and treated as no more than an ordinary commercial dealing between traders who borrow and capitalists who lend."

The Balfour Note infuriated the Harding Administration. In the US view, Balfour was distorting the loan agreements beyond recognition. The British were no mere cosigners of loans to smaller and poorer countries like Portugal or Serbia. The British had come to Washington hat in hand, asking for help in their own name, and signing their own loan agreements. One Treasury Department official labeled the Balfour Note “irritating nonsense,” while the Treasury Secretary himself, Andrew Mellon, was blunter. He called it a lie.

The *Philadelphia Inquirer* editorialized that “[i]n the Balfour Note, John Bull is depicted as the liberal, magnanimous, and sympathetic creditor whose heart bleeds for his debtors’ sufferings, and who is willing and anxious to relieve them of a burden which he perceives is beyond their ability to bear; Uncle Sam is portrayed as a ruthless, relentless, hard-hearted Shylock, who is making it impossible for John Bull to follow his altruistic and benevolent instincts by stubbornly insisting upon the letter of his bond.”

It was not only in American irony that the US was being compared to the villain of *The Merchant of Venice*. In Paris, a French Senator marveled that “America, which but yesterday we acclaimed for her generosity and her idealism [has] fallen to the role of a Shylock.” The *London Economist*, a small circulation newspaper that Vladimir Lenin once described as the “journal that speaks for British millionaires,” blasted the United States for “lay[ing] a tribute upon those who saved Kansas and Kentucky from the German peril.”

[music: Händel, *Music for the Royal Fireworks*]

The year 1922 was the year everything went wrong for David Lloyd George. We’ve covered most of this in previous episodes, but only in bits and pieces, so let me just run down the list to remind you of what his government had to deal with:

- The Washington Naval Conference, held from November 1921 through February 1922, formalized an agreement for parity between the Royal Navy and the United States Navy, forcing Britain to abandon the naval supremacy it had claimed for at least two hundred years, episode 224.
- The Anglo-Irish Treaty, signed in December 1921 and ratified by Ireland in January 1922, formalized the secession of most of Ireland from the UK and into an independent Irish Free State, episode 209.
- The British unilateral declaration of Egyptian independence in February 1922, in response to nationalist unrest in Egypt, episode 191.
- The August 1922 attempt by the British administration in Palestine to form a Legislative Council for the territory that would include elected Arab representatives, which failed because the Arabs refused to participate, episode 192.
- The fall of Smyrna to the Turkish nationalists in September 1922, followed soon thereafter by the Chanak Crisis, in which France, Italy, Australia, and Canada all declined to aid the British in holding the Turkish Straits, forcing a British withdrawal and the

public declaration by Conservative Party elder Andrew Bonar Law that the UK could not be the world's policeman, episode 196.

- The signing of the Anglo-Iraq Treaty in October 1922, which ended two years of fighting in Iraq by ending the British Mandate and turning over control of Iraqi domestic affairs to the Iraqis, also episode 192.

And those are just the foreign policy crises the Lloyd George government faced. Britain was also dealing with the same postwar economic shocks that were bedeviling the governments of all the Allied powers: inflation, high food prices, unemployment among returning veterans, an economic slowdown caused by the end of government military spending, debt repayment, and a wave of strikes by unhappy workers triggered by ever-rising prices and ever-falling wages.

The year 1922 also saw the exposure of a uniquely British scandal. Lloyd George's Liberal Party was caught currying favor with the new breed of rich businessmen who were running the country now but resented the fact that they were still only commoners, while the old boys in the clubs held all the titles and honors, by selling them titles and honors in exchange for Party contributions. The going rates began at £10,000 for a knighthood, up to £40,000 for a baronetcy.

When you tally up all the things the Lloyd George ministry had going against it by this time, the wonder isn't that Lloyd George fell; it was that his government lasted as long as it did. Remember that this was not a Liberal majority government. This was a coalition government with a Liberal PM, but supported in Parliament with mostly Conservative votes. Try to imagine such a thing today.

The very same day as the final item on the list I just recited to you, the signing of the Anglo-Iraq Treaty, October 10, 1922, the British Cabinet voted to call a general election. I haven't said anything about internal Conservative Party politics since episode 56, when I noted that Andrew Bonar Law replaced Arthur Balfour as party leader. That was back in 1911. Bonar Law held that position for nine years, including the war years, during which he also held the position of Colonial Secretary in the Asquith coalition government, and Chancellor of the Exchequer in the Lloyd George coalition government. He also lost two sons to the Great War and by the time of the Armistice, his health had begun to fail. In 1919, at the age of sixty, he resigned as Chancellor and two years later, gave up the post of party leader. He was succeeded by Austen Chamberlain, whom we've already met.

The proximate cause of the call for a general election was the Chanak Crisis, although it was really about, you know, everything, but despite that setback, and all the other setbacks 1922 had handed them, Lloyd George and Chamberlain both remained committed to the coalition, and fully intended to go into the election as a coalition, just as they had done in the Coupon Election of 1918, episode 173.

But both of the major parties were divided. Lloyd George led one faction of Liberals, but our old friend Herbert Asquith remained leader of the other Liberal faction, which opposed the coalition.

And there were also by this time a considerable number of Conservative MPs who also opposed the coalition, about 65 of them. Lloyd George and Chamberlain had both underestimated the dissatisfaction of these Conservatives. When Conservative MPs met to discuss the upcoming election, one prominent member, 55-year-old Stanley Baldwin, announced that he could no longer support the coalition.

Stanley Baldwin came from a wealthy family. He was a first cousin to the poet Rudyard Kipling, went to all the right schools, graduated Cambridge, and proved to be a successful in the family business, which was iron and steel making. Baldwin was a member of the Government as President of the Board of Trade, a junior Cabinet position that had previously been held by Lloyd George and Winston Churchill. He and other unhappy Conservatives complained that nothing was left of the wartime coalition, apart from a shared aversion to socialism, embodied by the Labour Party.

These backbench rebels recruited the semi-retired Andrew Bonar Law to lead them. Bonar Law, whose unhappiness over the Chanak Crisis was already public knowledge, was also disappointed in the Irish settlement. The Parliamentary Party had it out, with Austen Chamberlain insisting that Lloyd George had been a 100% reliable ally to the Conservative Party and deserved its continued support, while Bonar Law and Baldwin argued that Lloyd George was dragging the Party down and that it would be better to leave the coalition and run on their own in the upcoming election.

In the end, the rebels carried the day. Austen Chamberlain stepped down as party leader and Bonar Law reclaimed the role. Likewise, in the way of British politics, Lloyd George resigned as prime minister and Bonar Law was appointed to replace him, pending the outcome of the election. Even so, Lloyd George and Chamberlain still believed the outcome of the election would restore the status quo and put them back into power. They expected a hung Parliament; that is, that none of the three major parties, the Conservatives, the Liberals, or Labour, would win an outright majority, and since neither of the other two parties would stomach a coalition with Labour, which was calling for nationalization of the railroads and coal mines, the most likely result would be that the Conservatives and Liberals would be forced into another coalition and carry on as before, regardless of what the Stanley Baldwins of the world thought about it.

That proved to be a miscalculation. The Conservative Party lost 35 seats in the 1922 election, held on November 15, but retained a Parliamentary majority all on their own. The Labour Party gained 85 seats to become for the first time the number two party in Parliament, with 142 seats. Asquith's Liberals gained 26 seats, but Lloyd George's Liberal faction lost 74, putting them in fourth place overall. Even if you combined the seats of the two Liberal factions, they were still well behind second-place Labour.

And so ended the Lloyd George coalition, and so began the premiership of Andrew Bonar Law, the first Tory PM in over 15 years. Stanley Baldwin took over the portfolio of Chancellor of the Exchequer, and it would be these two newly minted national leaders to whom would fall the responsibility of addressing the British government's number one fiscal and foreign policy issue: Britain's war debt to the United States.

The attitudes of both Bonar Law and Baldwin toward the United States were typical of British elites. Bonar Law, remember, had lost two sons in the Great War. They had given their lives as much for Kansas as for Kent, in the British view, and for the Americans to accept such a sacrifice of British blood while jealously guarding their own treasure was callous and petty. Stanley Baldwin had purchased about £120,000 in British bonds during the war, and after the war he had returned them to the Treasury; that is, he donated the money back to his country, a sort of do-it-yourself debt forgiveness program. That's quite a hunk of change, equivalent to maybe £5 million today. Baldwin reckoned it was 20% of his net worth. You can understand why he'd also feel impatient with stingy Uncle Shylock.

On December 30, 1922, Stanley Baldwin left for the United States to negotiate on behalf of the British government with the US Foreign Debt Commission, for a settlement of the British war debt. Accompanying him was the Governor of the Bank of England, Montagu Norman. The two of them got to know each other quite well over the course of the trip and became fast friends.

Unfortunately for Britain, it would go into these negotiations represented by a prime minister and a chancellor who were both new on the job. They were up against Andrew Mellon, Warren Harding's Secretary of the Treasury. He was America's richest banker and the third wealthiest person in America overall; only John D. Rockefeller and Henry Ford were richer. Unlike Rockefeller and Ford, Mellon was not much of a philanthropist. He had a reputation for being cold, aloof, and interested in little other than money. In his forties, he had met and married a 19-year-old English girl he met on a trip to Europe. Their marriage was a disaster. Mellon used his wealth and influence to lobby the Pennsylvania General Assembly to liberalize the state's divorce laws to make it easier for him to end his failed marriage.

In Washington, Baldwin and Norman held a series of private meetings with Mellon and other American officials, many held at Mellon's Washington residence, a lavish six-bedroom apartment decorated with Mellon's fantastically expensive art collection. Back in London, the US ambassador had told them confidentially that the US government would accept a debt repayment offer of sixty cents on the dollar. In Washington, they were distressed to discover that Mellon was insisting on the ninety cents on the dollar that Congress had set as a minimum. After two tense weeks of negotiations, the Americans' final offer was eighty cents on the dollar, subject of course to Congressional approval. The British side were warned not to try to hold out for a better deal; this was the offer, take it or leave it.

On January 27, 1923, Baldwin and Norman arrived back at Southampton, and faced with the press, Baldwin made a grievous political mistake. Thinking he was speaking off the record, Baldwin told the assembled reporters the details of the deal, even before he'd had a chance to brief the Cabinet and the PM. Worse still, he told them he personally supported accepting the offer, and justified this decision by explaining that the deal would have to be approved by the American Congress. Baldwin confided to the press that many members of Congress were from the West of the United States, where they merely sell wheat and otherwise take no interest in matters of international finance.

Fleet Street had a field day with this press briefing, emphasizing that the chancellor of the exchequer had dismissed the American Congress as a bunch of ignorant hayseeds.

Andrew Bonar Law, was as unhappy with the substance of Baldwin's report as he was with the manner in which he had received it. In Cabinet on January 30, Baldwin argued in favor of accepting the American offer, whilst Bonar Law argued against it. The prime minister had consulted on the matter with John Maynard Keynes, who was by this time the most famous economist in the English-speaking world, not that that's saying a lot.

Keynes had counseled Bonar Law to hold out, as he put it, "in order to give [the Americans] time to discover that they are just as completely at our mercy as we are at France's and France at Germany's. It is the debtor who has the last word in these cases." In 1945, Keynes would reformulate this advice into a saying that has been much quoted since: "Owe your banker £1000 and you are at his mercy; owe him £1 million and the position is reversed."

But the difficulty for Bonar Law and the Cabinet was that the chancellor had already publicly endorsed the American offer. To reject it now would likely force Baldwin to resign and precipitate an awkward reshuffle of the new Conservative government just three months after it got going.

The French government, on the other hand, seeing the deal the British got and hearkening to the advice of John Maynard Keynes, did hold out, and eventually got a deal of forty cents on the dollar. The Americans gave the best deal of all to Mussolini: 24 cents on the dollar.

So a combination of political inexperience and imprudent eagerness to strike a deal left the British with spectacularly bad terms. And America's reputation in Europe plummeted, while American journalists posted in Europe sent home explainer articles along the lines of "Why Do Europeans Hate the USA?"

Worst of all, so long as the British were on the hook for 80%, they had little choice but to continue to collect aggressively from their allies, including France and Italy, which in turn helps to explain how tough France was on the Germans over reparations, so tough it drove a wedge into the Anglo-French alliance as the British argued for restraint in pressing reparations demands, while the French went full steam ahead.

The American attitude toward war debt was terribly short-sighted, and it reveals a government and a nation inexperienced in its new role as a world economic leader. The United States is a nation founded by Puritans, and it was US President Calvin Coolidge, himself a literal Puritan—Coolidge was raised in the Congregational Church—who summed up the American position as: “They hired the money, didn’t they?”

The UK government, on the other hand, whatever its faults, and they were many, at least had more than a century of institutional experience in international finance to draw upon. British officials understood that a narrow view, like the one adopted by the Americans, that a debt is a debt, might be a suitable attitude for a banker, but for the leading nation of the Western world, it was self-defeating. The British had already learned that one nation, no matter how wealthy, can’t go it alone. Impoverish your trading partners, and you impoverish yourself. Promote prosperity, and you will enjoy prosperity.

What’s most notable about this historical moment was that the British government knew the right answer to this vexing international economic muddle, but was in the novel position of lacking the economic and military clout to force its solution on its trading partners. For better or worse, Britain is no longer the world’s premier military and economic power. Ready or not, the center of the world is moving to the other side of the Atlantic.

We’ll have to stop there for today. I thank you for listening, and I’d especially like to thank Allen and Noah for their kind donations, and thank you to Tomás for becoming a patron of the podcast. Donors and patrons like Allen and Noah and Tomás help cover the costs of making this show, which in turn keeps the podcast available free for everyone, so my thanks to them and to all of you who have pitched in and helped out. If you’d like to become a patron or make a donation, just visit the website, historyofthetwentiethcentury.com and click on the PayPal or Patreon buttons.

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Next week is a bye week for the podcast, but I hope you’ll join me in two weeks’ time, on *The History of the Twentieth Century*, as we turn our attention back to events in China. When we last visited China, Sun Yat-sen had passed away, leaving Chiang Kai-shek as the leader of the Nationalist Party. I promised you we would soon learn Chiang’s attitude toward the Communist Party in China. Here it comes. Chiang in Charge, in two weeks’ time, here, on *The History of the Twentieth Century*.

Oh, and one more thing. Andrew Bonar Law was the first British prime minister to be born outside the British Isles; he was born in Canada. I mentioned this back in episode 56, describing him as the *only* British prime minister to be born outside the British Isles. That was true at the time I released the episode, but events have caught up with me. Boris Johnson, the current British PM as of the date I release this podcast, is now the second. He was born in New York City.

Bonar Law also had the shortest term of any British prime minister of the twentieth century. In May 1923, less than four months after his government accepted the American offer on debt forgiveness, Bonar Law was diagnosed with terminal throat cancer and resigned from office after just seven months. He was succeeded by Stanley Baldwin. Andrew Bonar Law died in October 1923, at the age of 65. His ashes were interred at Westminster Abbey, where just three years earlier, an unidentified British soldier had been buried in the Tomb of the Unknown Warrior, episode 174.

I mention this juxtaposition because it evoked a wry remark from Herbert Asquith at Bonar Law's funeral, to the effect that next to the Unknown Warrior they were now burying the Unknown Prime Minister. In 1955, English historian Robert Blake would use that precise phrase as the title of his biography of Bonar Law, and it has often been used ever since.

[music: Closing Theme]