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enemy, but for the most part through loans subscribed by the thrifty peasantry of France. The time has come when the angry investor finds his national finances in disorder and himself threatened with a heavy increase in taxation. He looks across the Rhine, surveys the apparently fabulous prosperity of German industry, and knowing nothing of the foundations of sand on which that prosperity rests, finds only default, wilful and persistent.

But a deeper anxiety preys on the French mind than that of impending bankruptcy; it is the haunting terror of another invasion.* Bismarck is dead, the Hohenzollerns are deposed, conscription in Germany is abolished, arms in vast quantities have been surrendered. But the Germans, in French eyes, are still a nation of soldiers, incurably militarist, inveterate enemies of France. France cannot forget that her own population, which in Mirabeau's day was 24 millions, is still only 39 and declining; that in the same period of 130 years the population within the frontiers of present-day Germany has increased from 23 to 65, that of Great Britain from 16 to 42 millions. France remembers her own losses in the war, two millions dead; she sees that her army is becoming more and more an army of mercenaries drawn from her African colonies. France asks with bitterness where she is to find security.

M. Clemenceau suggested an answer to that question when in the Peace Conference he asked for the Rhine frontier, the traditional line of defence which France in all the expansive periods of her history has sought to obtain and to hold. There are eight and a half millions of Germans on the left bank of the Rhine and a territory which was one of the earliest homes of German civilisation. So the Allies opposed the annexation and tried to allay French fears by the Anglo-American guarantee to France against German aggression and by providing for the occupation of territory on the left bank of the Rhine for fifteen years. The Anglo-American Treaty lapsed when the United States refused to ratify it. It is useless now

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either to criticise or to regret that failure. But we may well say with General Smuts, "America's entry was the keystone of victory; her collaboration was the keystone of peace. When she decided to retire from the position the peace was lost." Though there can be no certainty, it is probable that if the guarantee had been given, French policy in the last three years would have been very different. What is clear is that failure to ratify the Treaty created in the French mind a sense of injustice and of anxiety, and offered a specious pretext for any action which the extreme militarists in France, who had never given up the Rhine frontier, might wish to take against Germany. It was in the hope of filling what France felt to be a gap in the peace settlement that Mr. Lloyd George, a year ago, offered France a conditional British guarantee. The delay had been too long, and nothing but a close military alliance, such as British opinion instinctively shrinks from, would then satisfy France. It is, in our view, fortunate that nothing came of the offer, for a guarantee against German aggression means two quite different things to a Frenchman and to an Englishman. In France such a guarantee would be regarded as a binding commitment to assist France against Germany, whatever might be the circumstances of the quarrel or the policy which led up to it, so long as Germany was formally the aggressor. Here it would be taken as a matter of course that when the time came the British Government and people would be free to determine for themselves who was in fact the aggressor. Such agreements are a sham and a danger unless the parties to them have common interests and a joint policy; between France and the British Commonwealth the last few years have revealed mainly divergent interests, and frequently, even where interests were identical, separate policies fundamentally opposed. With America as a signatory to a tripartite treaty, an immense influence for peace and moderation would have been introduced into French policy, a restraining influence such as Great Britain, with the

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disadvantage of propinquity and the same European background and traditions, could never exercise alone.

From the idea of a guarantee France, it would seem, has turned for security to that of a Germany kept permanently weak. To many French minds it is a more attractive, because it appears a safer alternative. German union, they argue, is a modern and an artificial creation. It rested on the military hegemony of Prussia, not on the traditions of a common nationality which bind together the citizens and the provinces of older and more homogeneous States. Once depose Prussia, as she has been deposed, from her unchallenged supremacy, and the centrifugal forces which for centuries before Bismarck's day kept Germany as a congeries of petty States, torn by feuds and internal jealousies, will again work for disruption. The process may even be assisted from outside. If there is a separatist movement in the Rhineland, France should encourage it in the occupied territory; however trivial and discredited its leaders are, they deserve French support. If there is friction between Bavaria and Prussia, France should exploit it in Munich. From this attitude it is an easy transition to the frame of mind which welcomes German failure to carry out in full the reparation clauses of the Treaty, because a pretext is thereby created to extend indefinitely the occupation of the left bank of the Rhine. If for a time the Ruhr Valley can be controlled as well, France holds Germany in her hand.

There is one serious weakness in this argument. It rests on a complete misconception of German mentality. No Englishman who knows the two peoples can treat seriously the current French pretension to a monopoly of understanding of the German nation. He is much more likely to be impressed by the crass ignorance of Germany which he meets everywhere in France. If he looks for a true insight into the German character amongst French writers of distinction since Mme de Staël, he will find it only in the works of M. Albert Sorel and M. Romain Rolland; and he

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will discover that M. Sorel is unfortunately dead and that M. Rolland is a pacifist. Germany to-day is an unhappy country, primarily through the past blunders of her own rulers, and the policy of ruthless aggression which plunged the world into war. She has no leaders with the brand of greatness, even as greatness is measured in an age of relative mediocrity; certainly she has no Frederick or Stein or Fichte or Bismarck. Her politics are the sport of factions, and the nation at large is groping for a means of political self-expression under a parliamentary system, with no tradition of democracy to sustain them. Morally the German people are, and have been, in the depths, driven by the inexorable pressure of their recent economic life either to fatalism or to simple egotism. But there are very few observers who have been amongst them in the last few months who believe that the Reich can be easily dismembered. The Bavarian or the Badenser may flaunt his independence and his local patriotism in his dealings with Berlin, but in the face of France he is a German and nothing else. Even if the will to separate were there, modern economic organisation would compel the retention of the Reich. If the occupation of the Ruhr Valley leads, as it may, to the breakdown of German economic life, chaos may follow, and in a chaotic society anything is possible. But even from chaos, sooner or later, order must emerge, and when that time comes, it is difficult to believe that a strong political union of the German States will not again be regarded by the German people as their natural and inevitable destiny. In its political organisation Germany has indeed travelled far from the confused aggregation of 360 separate states, with their feudal traditions, which confronted Napoleon. But it is well to remember that even the particularistic tendencies of that age did not prevent the united uprising of a nation against what was felt to be the unjust aggression of France. The years between Jena and Leipzig revealed in the German character reserves of strength and of quiet endurance of which the

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existence had been unsuspected, and however thorough may have been the training of the German masses in docility in the last fifty years, there seems little reason to believe that the French view of the German mind as responding favourably only to kicks is any more accurate to-day than it was a century ago.

Apart from reparations and political security, France has another preoccupation which has only recently come into prominence—that of her economic future. The war left her with her principal coalfield out of production for several years, owing to the damage done by the Germans to the pits. But the Treaty of Versailles brought compensations of a different kind. For fifteen years at least it put the coal of the Saar Valley under French control. It restored to France the ironfield of Lorraine, greatly developed by Germany since 1870, and brought that of Luxemburg out of the German into the French orbit. A prospect was opened up of important extensions in the metallurgical industries of France. But for that more coal and more coke are needed, and their natural source is in the Ruhr Valley. Moreover, the properties acquired on the left bank of the Rhine had been exploited as an integral part of the German iron and steel industry. A large part of that industry in Germany proper had grown up for the utilisation of the minette ore now under French control. The Peace in effect had drawn an artificial line through the middle of a highly specialised industry, but it could not alter the fact that the French side and the German were in their nature interdependent. France might own most of the raw material, but Germany retained the rest, the coal and coke, and with them the accumulated technical skill and experience without which the success of the industry is unattainable. There must clearly be a powerful incentive on both sides to an economic agreement, but French industry has been tempted to look to control rather than partnership, and to favour political action which would be likely to facilitate that object.

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We have attempted to survey what may be called the French case as it appears to the French themselves. The invasion of the Ruhr, we have suggested, can only be explained as the product of different and irreconcilable motives. There is no reason to think that French policy has been clearly and logically thought out in all its implications; on the contrary, all the evidence indicates that it has developed from a mixture of popular superstitions, economic ambition, and sincere and deep-seated apprehension. There is the notion of the inexhaustible wealth of German industry, and in a narrower circle the vision of the iron and steel trades in Germany working in permanent subordination to the metallurgical interests in France. There is the universal French conviction that German mentality is still indistinguishable from that of 1914, there is above all the constant dread of a powerful hereditary enemy with greatly superior numbers. There is the reluctance of French politicians to open the eyes of the French public to the naked truth of the financial position. But if we turn to ask simply and objectively what is the character of the French invasion of the Ruhr Valley, we are driven back to the view expressed in the first paragraph of this article. It is an attempt to solve the three distinct problems of France—reparations, permanent security and economic development—by the one method of armed force.

Of the economic question we will only say that no business man in this country believes that an agreement for the joint working of an industry entered into by one party at the point of the sword can ever endure. The problem of reparations is dealt with elsewhere in this number of *THE ROUND TABLE*. It is a problem mainly economic, partly psychological. No debtor can be expected to pay more than is humanly possible, no debtor will pay willingly unless he feels that his honour or his credit is involved, and a great nation which is a debtor cannot in the end be compelled to pay against its will. Against these elementary truths of human experience the most powerful

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army in Europe batters in vain. Assume, what is still quite uncertain, that this adventure ends in the way which would be outwardly most favourable to France. Grant that passive resistance by the German Government and the employers and the workers breaks down under compulsion, that the industries of the Ruhr continue to function under French supervision, unwillingly perhaps, certainly less efficiently, that Germany is driven to accept whatever demands France may make on her. What then? The reparations problem, as the article on that subject makes clear, will be further from solution than ever. The achievement of France will be that she has extracted at the point of the sword one more promise which to those who make it is divorced from any sense of moral obligation and by responsible financial opinion throughout the world is regarded as incapable of fulfilment.

Nor can force in the long run bring France security. Two years ago *THE ROUND TABLE* wrote* :—

France naturally feels a profound sense of insecurity in the presence on her frontier of a population twice as large as her own and separated from her only by a secular antagonism and the common memory of unprovoked invasion. But can any attempt to remove that insecurity succeed as long as the antagonism remains? Germany as a military power has been broken by the war, and it rests with the Allies whether German militarism dies or revives as a more monstrous growth than before.

We remain profoundly convinced of the truth of that opinion. Every apparent success which may spring from the temporary military superiority of France—the economic enslavement of the German people, even the dismemberment of the Reich—must sow fresh seeds of hatred and the lust for revenge. In the last few weeks the pacific disposition of the German masses has given way to the mentality of an insurgent people. German democracy is rudely shaken in its struggle to survive. Even to-day it is an

* See *THE ROUND TABLE*, No. 43, June, 1921, p. 602.

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accepted belief throughout Central Europe that a war of revenge is inevitable. We do not yet share that view, but if France continues on the course she has chosen, it will soon be the universal opinion. Certainly it is absurd to think that in the long run France can maintain the present relative military strength of the two countries.

Force, then, at the best is futile to attain the objects of French policy. But it is a dangerous and an uncertain, as well as a useless, weapon. Force applied to a machine can be controlled, the strains and stresses which it sets up can be nicely calculated. But the effect of the conflict between force and the human will is incalculable. The invasion of the Ruhr seemed only a month ago to be regarded by M. Poincaré as a simple operation, the problem of protecting a few French engineers. Already it is obvious that France has set sail into an uncharted sea, leading no one knows whither. Each measure of coercion points in its failure inevitably to the next, and at every stage withdrawal becomes more difficult. Over all Europe unsettlement has driven out the first feeble symptoms of confidence and stability in the new political order, and French action is likely to embolden nations and individuals to throw off the irksome and unfamiliar methods of discussion and arbitration for the easier traditions of the mailed fist.

When France embarks deliberately, almost light-heartedly, on a course so perilous to civilisation in Europe, it would be wrong to let old friendship stand in the way of frank criticism. Both in its political and its economic aspects the present crisis is of vital concern to the British Commonwealth. In the remainder of this article an attempt will be made to take a broad survey of the new problems with which the Empire is confronted, to trace some of the possible developments of the struggle between France and Germany and to suggest the conditions on which peace can be restored to the world.

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II

TO many Englishmen it has been a subject of anxious thought in the last few weeks what part the British Commonwealth can play in averting disaster to the world. Hitherto Mr. Bonar Law has been content to watch events. He refused in Paris to co-operate with France in her proposed action in the Ruhr Valley and he stated candidly the belief of the British Government that such action was as dangerous as it was certain to be futile. He might well have added that it was a violation of the Treaty of Versailles. Annex II to the Reparation Clauses of the Treaty lays down the practical details of Reparation payments and the functions of the Reparations Commission. Article 18 of the Annex reads as follows :—

The measures which the Allied and Associated Powers shall have the right to take, in case of voluntary default by Germany, and which Germany agrees not to regard as acts of war, may include economic and financial prohibitions and reprisals, and in general such other measures as the respective Governments may determine to be necessary in the circumstances.

The French interpretation of this Article is that the word "respective" gives authority to any Allied Government to take separate action without the consent and against the will of the rest, and that the expression "other measures" was intended to cover an advance into unoccupied Germany and all such proceedings there as the French have taken in the last few weeks. We may pass over the first of these points, without renouncing the opinion that a more natural purpose of the word "respective" is to connect the "Governments" with the "Allied and Associated Powers," and not, for example, with the neutrals. But it is impossible to allow that, if the framers of the Treaty had contemplated in any circumstances action such as the invasion of the Ruhr, they would have buried their intention in the obscurity of an Annex, under a phrase such as "other

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measures" coming immediately after the specific words "economic and financial prohibitions and reprisals,"* while explicitly, in another part of the Treaty itself, authorising, not an extension of the occupied area, but its reoccupation after it had been evacuated, in the event of a Reparation default. THE ROUND TABLE pointed out in 1921 the illegality of the seizure of Düsseldorf, Duisburg and Ruhrort,† and the present infraction is no different in kind, however much more serious in degree. It is no doubt an awkward precedent for later British Governments that Mr. Lloyd George in 1921 was a consenting party, and, indeed, more than that, a vehement champion of the extended occupation.

Mr. Bonar Law preferred to point to the inexpediency rather than the illegality of the French action, and he refrained from any steps to oppose it. Some of his followers seem to have interpreted their neutrality with such "benevolence" as to wish the French good luck. Up to a point there is clearly a very strong case for patience, even for passivity. It is the British policy to lay stress on points of agreement rather than on points of difference, and so long as there is a chance of working in harmony with France on other problems, the natural inclination of the British Government will be to avoid the complete rupture of the Entente. That inclination was bound to be fortified by the desire to make peace with the Turks at Lausanne, where French support was essential to, though far from being a guarantee of, a settlement.

But it is clearly only up to a point that the British Commonwealth can continue to remain a silent spectator of French action. Already practical difficulties accumulate, and British neutrality is severely strained. The Government is naturally reluctant to renounce its obligations for the fulfilment of the Peace Treaty, to remove its representa-

* The British custom is to regard such general words as coloured by the specific words which precede them.

† See THE ROUND TABLE, No. 43, June, 1921, p. 588.

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tives from Inter-Allied Commissions and its troops from the Rhine.. So this country has continued to be represented on the Reparations Commission, even though that body has become a facile instrument for registering the decrees of the French Government. This involves some sacrifice, perhaps, of dignity, but nothing more serious. In the Rhineland there is much closer contact with reality. The Inter-Allied High Commission, with the British High Commissioner dissenting, passes illegal ordinances daily, and a delicate situation may soon become untenable when, as has already happened, French military police are sent into the British occupied area to arrest and deport German officials for refusing to obey instructions which, in the eyes of the British authorities, are *ultra vires*. The presence of an army of occupation implies responsibility to keep order in the district which it occupies, and if the British troops remain they may at any time be involved with the French in troubles which they themselves have had no part in creating. If they go, on the other hand, the last obstacle to full French domination of the left bank is removed. In its nature the decision is one of those which must be left to the Government to make, but unless the turbid waters of the Rhineland begin soon again to flow clear, every day will add to the danger that the decision to withdraw, when it comes, may come too late.

The question of the troops, important though it is, is only a part of a much wider issue. A clear responsibility rests on the British Commonwealth to work for the peace of the world. Can it for long stand by whilst a policy of which it disapproves, a policy founded on principles which it repudiates, a policy which it believes to be opposed not only to its own interests, but to those of all nations, is allowed to operate unhindered? It is well to remember that Great Britain has made its own contribution to the present situation in Europe. The British delegation were at least equally responsible with the French for the unworkable reparation clauses of the Treaty of Versailles.

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Subsequently Mr. Lloyd George came to see clearly what was wrong with Europe and he worked whole-heartedly to put things right, but the initial blunder of those clauses fatally clogged his steps and the inevitable effect of his successive compromises was to gloss over the realities of reparations and to help to fan the flame of French extremism. Neutrality in these conditions cannot for long be consistent with British obligations to humanity. America still holds aloof. No other nation outside the British Commonwealth is left with both the strength and the conviction to give a lead to Europe and to raise its voice on the side of peace. If through timidity or indifference it should fail at such a crisis, its influence will be impaired for a generation.

What form that lead should take we do not pretend to say. It must be determined to a great extent by the course of events. That course is still uncertain, but at least it is clear that the position in the Ruhr Valley will not remain stationary. The line of possible development most favourable to France has already been indicated. It would imply the breaking down of passive resistance in Germany, the demonstration of the power of France to control the Ruhr, to solve all problems of transport and to keep the economic life of Germany in being. On those conditions the occupation might be of long duration, and while it lasted intervention would be difficult and a real peace in Europe or a genuine economic revival unattainable. This result, we must confess, seems to us to be improbable. German resistance up to the present shows little or no sign of weakening. It is comparatively easy for a people so organised as the Germans to circumvent, for some time at least, the efforts which the French are now making to dislocate German industry. The cordon round the Ruhr can be made to have its terrors for the one side as much as for the other, and before the full effects of this segregation are felt in unoccupied Germany they may well be found to be intolerable in the Ruhr area itself. If the Ruhr industries

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are the principal suppliers of the Germany outside, Germany is by far their most important market, and for many things their only possible market. Inability to employ the population of the Ruhr may prove to be a stumbling-block to the French. There is an obvious limit, too, to the applicability of the present French remedy of replacing a recalcitrant German engineer or railway official by one from France. France has no surplus of skilled labour or technicians, and the disorganisation of the transport services in France will be a heavy price to pay for the satisfaction of restoring the time-table on the Rhine.

If these doubts are justified, we are brought to face two alternatives. The difficulties of the task which France has undertaken may be cumulative. It may become impossible any longer to conceal them. Public opinion in France, the opinion of the masses who have hitherto followed their leaders in ignorance, misled by passion or by popular superstition, that opinion may make itself felt. France may then be prepared to accept any reasonable inducement to withdraw. If that moment comes, there will be an opportunity for mediation with a fair prospect of success. In that case the whole weight of British influence should be exerted in favour of a settlement. British interests, world interests indeed, call for a settlement with the character of finality. It must depend on France and on the United States whether peace in the full sense is attainable. Opinion in America is moving rapidly, as the article from America in this number of *THE ROUND TABLE* clearly indicates. Just how rapidly remains in doubt. America cannot be hurried or influenced to any extent from outside, but if in her own time she should again take her place by the side of the British Commonwealth to save humanity, her action may be decisive. For France withdrawal from the Ruhr must be followed by a radical change of policy if the settlement is to be in any real sense final. France must abandon all hope or desire of preventing Germany from becoming again a great and united nation, and must seek ways of

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agreement and friendly co-operation. She must be prepared to accept such a settlement of the reparations question as the rest of the world may think just and practicable. She must look to her own people to solve the problem of her budget. She must be willing to substitute reason for force in her dealings with other nations. This is indeed a formidable catalogue of renunciations, and nations do not readily renounce either their principles or their prejudices. France will not be prepared to make this sacrifice of national pride unless she realises that there is no alternative except another war, which she could hardly survive. In the end we believe that that realisation will come, but it would betray an optimism for which there is at present no rational ground, if we refused to recognise that it may come only by gradual and painful stages.

There remains the other alternative, and it is one which it is not pleasant to contemplate. Military government of a large civilian population, particularly if that population is concentrated in an industrial area in conditions in which unemployment and shortage of food may at any time appear, is exposed to grave dangers. The great bitterness felt towards France may turn obstruction into active resistance, sporadic at first but steadily intensified. The French forces may be driven to substitute for arrest and imprisonment the violent repression of disorder. The end then cannot be foreseen. Peace will have vanished out of sight. The British Commonwealth will be driven to think out its foreign policy afresh.

In any event the anxieties and preoccupations of foreign affairs in the next few months will be severe. Peace hangs in the balance. Now, if ever, it is essential that the policy of the Empire should command the support of every part of it. The Conference of Prime Ministers to be held in the summer is the most important of those meetings since the war. On it may depend whether we drift again into the position of 1914 or exert ourselves in time to maintain

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peace. Changes of Government here and in three of the Dominions make it imperative that, at whatever inconvenience, the Conference should be held, and held soon, and it is impossible to regard without deep apprehension the suggestions already being made from different quarters that the meeting should be postponed for another year.

IRELAND AS IT IS

The following account of the present situation in Ireland is from the pen of an Irish eyewitness.—EDITOR.

TWO hours ago I wrote the above title, and since then I have sat here wondering, am I attempting the impossible?

Is it possible for any person to write of Ireland so that a person not living in Ireland may even dimly understand the hopes and the despairs, the construction and the destruction, the tears and—yes, even the laughter, for there is a little laughter still.

How many times in the last six years have we said, "Thank God the trouble is over; this country is at last at peace." How many times exclaimed, "It is hopeless; it will never end; this cursed country is ruined." Living, as we do, in this see-saw of emotion makes it difficult to find anyone with a stable and independent viewpoint. There is hardly an Irish man or woman who has not been directly affected, either in person or pocket, by the happenings of the last six years. As a result there is hardly an Irish man or woman who is competent to form even an approximately correct view of the present position. I have frequently heard two descriptions of one incident which I had myself witnessed so tinged with the viewpoint of the narrator as to be absolutely contradictory, and both at complete variance with the truth.

The Press, too, to no small degree, adds to the confusion by not relating facts as facts, but as illustrating propaganda

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which they believe will appeal to their readers. All these things make it almost an impossibility to tell of the country as it is. I will try, but I fear I will fail.

Ireland has a Government of her own. It is a new Government, with the faults of every new Government, and possibly a few more in addition, but with one virtue, which very few Governments new or old possess, viz., *courage*, moral and physical. This Government is confronted with the most difficult problem in administration that any Government new or old ever faced, and from which the most seasoned Government might recoil. It has not recoiled; it has fought on, and is fighting on. It has never wavered from the policy that the Treaty must be observed, and I believe it never will waver so long as the present personnel exist.

The leaders of the Government are convinced, and never hesitate to state in the most explicit language, that they will abide by the Treaty and the Free State Constitution to the death, and death is no empty word in Ireland.

Every Minister knows that his death-warrant has been signed; that, given the slightest opportunity, he will be shot like a dog, indeed with much less compunction than we would shoot a dog. Every Minister is compelled to live permanently in the Government offices, unless to drive under heavy escort to some other equally well-guarded post. He is cut off from the ordinary amenities of life, even his family is not safe. Under such circumstances many men would endeavour to placate their enemies, who are their fellow countrymen and former comrades. No such attempt has ever been made. Instead, they have, when it became apparent that the armed forces in opposition to the Government were prepared to stop at nothing, authorised the setting up of military courts, the execution of convicted prisoners, even the execution of unconvicted prisoners by way of reprisal for murder. Yes, the Government has courage, moral and physical.

It has also, I believe, honesty of purpose, and no desire to

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exploit one class or creed at the expense of another. It has loyally carried out its undertakings to Southern Unionists. It has nominated a good Senate with fair representation to all classes, and it promises a Land Bill on the lines of the Convention report of 1916 which will not be unfair to the landlords.

It must be remembered, however, that the personnel of the Government is made up of men who eighteen months ago were fighting against British rule in Ireland. They are altogether apart from what has hitherto been the ruling class in Ireland; what has often been contemptuously referred to as the ascendancy class. Many people of that old class are offended by the Government because of their complete departure from precedent, by their brusqueness, by their lack of appreciation of the position which the old class held and still believes it should hold. The Government has in consequence alienated this class at a time when it is a mistake to alienate any class in a country where he who is not actively with the Government is against it.

The Government, again, is too quick and too slow. Too quick to pull down and too slow to build. They have cleared out the old police, the British military, have dismissed the magistrates, the clerks of summary courts, and many other officials before they were in a position to replace them with equally efficient forces or officials. I admit that it was difficult to see how the old R.I.C. could be retained, but the whole force of the Government should have been primarily devoted to its replacement. It was not.

Far too much time has been wasted over the Irish *versus* the English language, and trivialities like the colour of the pillar boxes, while the essentials have been shelved. Appointments are daily made not from efficiency but for services rendered or sufferings endured while the struggle with the British was in progress. What did you do in the war with England? Have you ever been interned? Have you ever been in gaol? This is the catechism for office. It is, I know, a natural thing, but it is wrong. If this

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country is to succeed every man who is willing to help should be enrolled. If he is the best man for the job he should get the job, without regard to his previous political record. This is not being done and will be one of the greatest handicaps in the future to the Free State.

Nowhere is it so noticeable as in the army. • Men, or rather boys, who were "out" in the pre-truce days were given and are still allowed to retain commands for which they are wholly unfit. Many of these officers had no training and little education. The result is absolute lack of discipline and an inefficient army. There are notable exceptions, but these exceptions prove the truth of the rule, for in almost every instance the successful officers were trained in some other army. Many Irishmen who are ex-British officers offered their services, but the majority have been refused. It is a mistake, just as it is a mistake to appoint a man on political grounds to a civil office and not because he is the best man. It is a natural mistake, however, under the circumstances, and one which other Governments with less excuse sometimes commit. It has, however, cost Ireland many valuable lives and done much damage to the cause of peace.

This exclusiveness of the Government; this limiting of appointments to particular parties; this unwillingness to accept advice from all; this closed door policy, which in some countries might be a remediable mistake, in Ireland threatens to be an irremediable calamity. To understand this it is necessary to remember that as regards practical politics Ireland is in swaddling clothes. For centuries she has been ruled by an authority outside her shores. The doctrine that the Government was a foreign and oppressive power has been dinned into her ears. The Irishman has always been depicted as being "agin the Government." It is true that that was his only rule of action, because he had never been educated to any sense of civic responsibility. How could he have civic responsibility? A Chief Secretary appointed by England to-day imprisoned him for

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doing what a previous Chief Secretary had praised him for. He was taught that the only way to gain anything was by the back door, by wire-pulling. The Irishman was never taught the theory of the State, the necessity for government. The policeman at the street corner was not his policeman, he was the policeman appointed and paid by the Castle, which in turn was controlled by whatever party was in power at Whitehall. The barrister who prosecuted in a criminal case was not a public prosecutor, appearing for the people to see that right was done. He was looked on, and not without cause, as a prosecutor appearing for some mysterious entity known as "the Crown," determined to convict by whatever means possible, and the juries thought it was their duty to save the prisoner from his clutches. No one thought of the Government as *our* Government. It was always the English Government. Now this attitude of mind which used to be a matter for jest has become, when coupled with the aloofness of the present Irish Government, one of the most dangerous factors in the situation. Everyone sits still and waits for the Government to move and when it does move, criticises it. The habits of centuries cannot be eradicated in a year. It has always been the custom in Ireland to trip the policeman and help the criminal to escape. The doctrine that every man is a policeman was never encouraged or even permitted. As a result, the country is not yet awake to the fact that their fate lies in their own hands and that something more than destructive criticism is essential to successful citizenship. A great many of the country people do not realise the need for Government at all. An old woman is reported to have said in December last that she could see nothing "Free" about this "State" as they were charging just the same for things in the shops as they always were, and that she was all for the Republic where there would be real freedom. There is an alarming amount of truth underlying this story. Three months ago a man complained to me bitterly that the tramcars and motors were

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not searched for gunmen. Yesterday the tramcar we were travelling in was searched, and he said all this searching was absurd, and no one was ever caught.

The ordinary citizen is entirely destructive in his criticism, never constructive. He will bitterly condemn all that has been done and is being done; ask him what should be done and he is silent. This I believe to be the most serious thing in Ireland to-day. I put it far above the Irregulars' activity. The burnings, even the shootings, are secondary. Until every man realises that it is his particular job to stop the disorder, until he steps in actively to help the Government, until the Government says, "Come along, all of you, we are only your agents, give us your advice and assistance," no real peace can come.

What almost makes me waver in my faith is not what the Republicans are doing but what the country is not doing. The country is ninety per cent. Free State, and yet the only advice its public bodies can give is to stop the executions and make "a truce of God." That is to say, abandon all hope of government, refuse to follow the mandate of your electors, and give way to murder. Perhaps someone who reads this will say here: "The British Government made a truce with murder." My answer is: "Yes. They were forced to, because they were attempting an impossibility; they were trying to govern without the consent of the governed. They did what should have been done generations ago, and could then have been done peacefully; they allowed the governed to choose their own Government within the Empire." For the Free State Government to give way to the threats and crimes of the Republicans would be to deny the very doctrine which made the Nationalist movement succeed. The best hope in Ireland to-day is that the Government realises this and has the courage to follow it. The greatest danger is that the country will fail to grasp it and instead of praising, blame. Many people, and some journalists, are never so happy as when repeating the old tag that the Irish are unfit

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for self-government. They usually go on to say, "How strange it is that they can succeed in other countries and not in their own!" There is nothing strange about it. The Irish are as fit for self-government as any other people, but a nation, like an individual, has to *learn* self-government, and Ireland has never had a chance. When other countries were learning their lessons, Ireland was told to learn nothing, that it would all be done for her. If you punish a child to-day for what you petted it for yesterday you will be very liable to spoil it. This is what was done to Ireland, and that is why I feel somewhat annoyed when the organs of the Press, who voice the opinions of the party who never allowed Ireland to learn any lesson, or think for herself in any way, point the righteous finger and sneer at her attempts at self-government.

When I am on this subject, may I say that what is doing infinite harm in Ireland to-day are the many unfair and absurd statements which are appearing from time to time in the English Press. A few days ago I read:

After a year's administration by a Home Rule Government the state and prosperity of Ireland are infinitely worse than they were at any time during the last three years of British rule.

That is untrue in fact. The ordinary citizen is no worse off than he was in 1920, in fact he is better off. Different people may be disturbed, but the ordinary man in the street is not any more inconvenienced.

Second, the writer forgot one difference. If the British had fought out and burned out the country, there would have been no prospect but unending rule by force. In a few years it would all have had to be done over again. Ninety per cent. of the Irish people were against the British rule and in favour of the Sinn Feiners. Ninety per cent. of the Irish people are in favour of the Free State and against the Republicans. If the Free State win out there will be real peace. Surely this is a point worth consideration. If these words should reach the eye of any journalist

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who is condemned to write on Ireland, my request to him is: "If you cannot help, then let us alone; don't throw mud at a Government which, though making many mistakes, is trying to do what you and I would be afraid to try to do." Surely, after all these years, the English Press might stop trying to use Ireland as a political weapon.

I am digressing, however, as indeed it is almost impossible not to do in any discussion on Ireland at present.

I have said what I consider to be the chief danger to the Free State, namely, the apathy of the general public and their lack of citizenship. The second danger is the risk of economic ruin through continued disorder; this comes as a direct consequence of the first. The burning of buildings, the tearing up of railways, the looting and wholesale robbery are destroying the wealth of the country. The consequent difficulty of transit for persons and goods and the impossibility of collecting debts are destroying business and credit. Ireland at the end of the European war was the wealthiest country of its size in Europe or indeed the world. During that war the farmers made huge profits, mortgages were paid off, annuities were redeemed, and investments were increased. That wealth is now vanishing, fairs and markets are being destroyed, the prices obtainable for saleable and exportable produce are being forced down, the cost of retail and imported articles is being forced up. The cost of living is higher in Dublin to-day than it was three months ago and is at least ten per cent. higher than in London. This is all the direct result of the activities of the Irregulars, as they are called here, the armed men who are laying the country waste.

Who are these Irregulars? What are they? Are they Republican idealists, or irresponsible unemployed young men, or are they ordinary thieves and robbers? The answer, I think, is that they are partly all three. To understand how they came into being one must look back to the years from 1914 onwards. During the European war emigration was stopped, thousands of farmers' and

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labourers' sons, who used to go to Australia, America, New Zealand, had perforce to remain in Ireland. There was no land for them and little work. Further, Ireland did not suffer in men or material in the European war in proportion to other countries. The Conscription Act was, rightly or wrongly, not applied here. And when the Armistice came there were at least thirty thousand youths between the ages of sixteen and twenty-two, who for four years had read of war, talked of war, seen war on the pictures, played at war as volunteers, but had never smelt real war or seen its horrors. They were, thanks to the repeal of the Arms Act, almost all armed. They had little education and as I have pointed out previously, owing to the method of government in Ireland, could have no sense whatever of civic responsibility. Into this soil, ripe for the sowing, fell the seeds of the Republican doctrine preached from 1916 onwards. It was a most successful move in the war against England to raise the Republican flag. It smashed the old constitutional Nationalist party. It gave an objective to fight for, a name for the army, the I.R.A., a reason for a Parliament. The real leaders of the movement, or rather a majority of them, as was subsequently proved, were sane enough to see that the substance of freedom under the Treaty was what they really wanted and would take, even without the shadow of Republicanism. Their followers would, I firmly believe, have gone over with them had the leaders been unanimous. The weeks immediately following December 6, 1921, when instead of unanimity there were acrimonious debates in the Dail, growing more bitter day by day, and ending in a complete split, will some day be recognised as the blackest in Irish history. The responsibility resting on Mr. de Valera and his followers for their action then is enormous. We are still reaping the results of that dissension, and I fear much of the harvest is still ungarnered. I will not attempt to deal with the reasons for their action; suffice it to say that I would be glad if I could think that they were all solely

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actuated by principle and that no personal motives influenced their decisions.

The effect, as I have said, was disastrous. A number of the wilder spirits amongst the old I.R.A., who had actually come to like the life of excitement and danger, who disliked the thought of returning to the monotony of work, lent a willing ear to the doctrine that most of their leaders had sold them to England; that it was their duty to uphold the Republican cause at all costs; that it was better to have Ireland a desert and free than prosperous and even nominally within the British Empire; that they were the keepers of the conscience of the country; and, if the country could not be led to see the truth, it must be driven.

To the banner of these men, some of whom were and are undoubtedly whole-hearted in their belief, all that was worst and most dangerous in Ireland was immediately attracted. There are always potential criminals in any community, especially at a time of world excitement, and young men who under normal conditions would be reputable citizens rapidly become demoralised. The landless youth of Ireland had been nurtured on thrills, they had nothing to lose, they had learned the power of the revolver and how food, money, lodging, and drink could be obtained by its judicious use in the name of the Republic. When one commandment is broken often, the others soon lose their sanctity, and it is a lamentable but true fact that Ireland, which for years prior to 1914 was practically free from the crimes common in other countries, where doors might be left unlocked at night, and a woman could travel where she wished and never fear an insulting word, has fallen from her high estate. There are in many parts of the country bands of young men reckless and daring to a degree. They keep continually changing their location. They billet themselves on the farmers and residents of the locality where they happen to be at the moment. They are always on the look-out for mischief. To-day they destroy a railway bridge, to-morrow burn a senator's house, the next day

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they ambush a small party of National troops. They terrorise the country to prevent information as to their movements leaking out, and if information is given they fulfil their threats by shooting the informer and burning his house. It is very easy to blame the country people for not informing. Would any of us under similar circumstances do better? I will cite one actual instance which I know of:—A man, his wife, and two children occupied a large, rambling house in a county in the midlands of Ireland. Their nearest neighbour was over half a mile away, and they were five miles from a town and six from a railway. Fourteen irregulars descended on them, camped in the house and ordered the owner to supply them with food, beds, etc. They lived there for a week, sleeping during the day and operating at night. During their entire stay the owner was followed everywhere by one of their number armed with a rifle and a revolver. The owner was told that if he attempted to communicate with anyone he would be instantly shot and his house burned. On their departure the warning was repeated. They meant it and he knew they meant it. He didn't inform anyone. Was he a coward? He could get no protection, for it is impossible for the Government to place a guard over every house in Ireland. He could not leave the country, for almost all he possessed was the house and farm. He knew that if he did tell and was shot his neighbours would only consider him a damned fool for telling; they being still wholly ignorant of the doctrine that it is every man's duty to preserve the peace. Accordingly, he took refuge for his conscience in that pestilential subterfuge that it was the Government's business to get information about these Irregulars. I know that man acted wrongly, but I am afraid I would have done likewise under similar circumstances and with much less excuse. How is this going to be stopped, you ask? First, by all citizens who want to live and let live rousing themselves and standing together. Second, by having a strictly disciplined and efficient army

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and police force. If that man had known that everyone in the county would have come to his assistance had he been in danger; that his neighbours would help him to keep guard on his house, his stock, his crops; if he had even known that he had their moral support, I have no doubt that he would have played a different part. Knowing as he did that his demise might only lead the local Rural District Council to pass another resolution calling on the Government to make "a truce of God" with his murderers, he was not encouraged to heroic endeavour. As I said before, want of national brotherhood and common cause against the common enemy is the plague spot which may destroy national life, and every effort of the Government should be used to foster such a spirit.

These roving bands of Irregulars are not so numerous or so widespread as they were some time ago. There has been undoubtedly an improvement in the last six months. In April and May of last year, prior to the attack on the Four Courts, the Irregulars went about the streets of Dublin unchecked. They commandeered food and clothing at will. In the name of the Belfast Catholic Refugees' Committee, they forced any householders on whom their displeasure chanced to rest to provide accommodation and food for refugees, real or alleged. They openly carried arms and openly seized motor cars. No attempt was made to stop their activities. The Government "regretted the deplorable conditions," but made no attempt to alter them. There was, in fact, no enforceable law in the country; in other words, no government. All that is gone. The Irregulars are now "on the run." To be found with arms means death. They hide, slip out, shoot, burn, and destroy, and hide again. Their present organisation is, I believe, entirely exaggerated. It is quite erroneous to believe that there is one controlling centre which devises operations all over the country according to plan. There are undoubtedly leaders who direct the Irregular activity into certain channels. These leaders, for instance, con-

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ceive that it would embarrass the Government to have senators' houses burned. This idea is conveyed, either by example or by messenger, to any bands which are operating in the provinces; but these bands must work out their own details and act as best (or worst) they can. The intensive war on railways is another example. The idea is central, the action local. It is nonsense to talk of a raid in Kerry being planned in Dublin. Yet there are plenty of people here who would be very annoyed if it were suggested that they were in any way sympathisers with the rebel activity who will tell you fantastic tales of the organisation and secret service of the Irregulars and contrast it with what they call the futility and lack of information of the Government forces.

The Irregular organisation is so well broken in many parts of the country that they have become mere bandits and highway robbers. To call at a lonely house, inhabited for choice only by women and children, and at the revolver's point demand £5 in the name of the Republic, is the extent of daring of which some of them are now capable. If there isn't £5 in the house, 5s. will do.

There are, however, many others who have not descended to the criminal level, who still act under leaders who believe that they are fighting for the freedom of Ireland; that by destroying bridges, by tearing up railways, by burning houses, by murdering Ministers, they will induce such a state of terror as to make government impossible. To these leaders the penalties of the law have no terrors, death itself is but martyrdom. They bind their followers to them, *first*, by playing on their feelings, by implanting in their uneducated and excited minds the idealistic doctrines of Republicanism and Nationality, the belief that an Ireland without foreign interference can rise to be the greatest and most cultured nation in the world; that she was once the premier land in art, industry and civilisation; that if Republicanism succeeds she can be that again. An active, genuinely honest idealist without

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common sense has much the same effect in an excited and excitable country like Ireland as a mad dog let loose in a hound kennel. The followers are consequently to some extent infected by the madness of the leaders.

The second method of controlling allegiance is by the revolver. When once you are "in," you must stay "in" or be shot. If you do not commit murder you will yourself be murdered. It has proved a singularly effective method of securing allegiance; and until the punishment and protection of the law become more potent than the fear of the Republican leaders, it will remain effective.

These genuine, or perhaps I should say idealistic, Republicans, while they will stop at nothing to further their objects, and will commit any outrage on orders from their superior officer, are not anxious to inflict suffering on private individuals if it is not necessary in the supposed interest of the Republic. Indeed, they are jealous of the criminal who attempts to line his own pockets by using their name and reputation. A., a landowner, was pulled out of bed one night by armed men. He was asked to sign a paper giving up his land to the people. He refused, he was taken outside, shots were fired over his head and through his clothes. On his wife's intercession he agreed to sign. He was informed that his attackers were the Republican Army and if he did not fulfil his promise he would be "put down." He informed the National troops at the nearest military centre, but was told, not unnaturally, that he could not be given protection unless he came to live in town. He couldn't do that, and lived on in his country house. A week later he was roused at midnight by knocking at his door. He thought his last hour had come, and accompanied by his heroic wife went down and opened the door. Six armed men entered, went into his dining room and asked for pens, ink and paper, which were supplied. Four men were then brought in under guard and A. was asked could he identify any of them as his assailants of the week before. He said he could swear to

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two of them, and thought the third was also there. The three men were promptly put on trial, A. gave evidence and the three were condemned to death and ordered to be shot at once. They prayed for mercy, which was refused, and they were lined up to be shot when one of them asked to see a priest, and the execution was delayed until the priest came. A., meanwhile, knowing that if these three men were shot on his evidence his last hope of life in Ireland was gone, suggested they should be reprieved if they promised to let him alone. The "Court" (1) finally agreed to this and the condemned men were released, but informed that if A. suffered any further molestation, if his lands were interfered with, or his property injured, the three would be instantly shot. It was at this time three in the morning, and the "Court rose" and retired from A.'s house. The "Court" and its attendants were Irregulars.

If anyone thinks life in Ireland is simple, or that a little courage or a little initiative would settle the Irish question, let him think over this little episode. One might think that the danger to the State arose from the land grabbers who first invaded A.'s house. I count them as nothing, they can commit outrages, make life a hell for decent people for a time, but they can never prove a real menace to the fabric of the State itself. They can be intimidated; once the law begins to assert itself they will vanish. The other men are the real danger, they threaten the very foundations of the State, and it is against them that the people must unite. The greater the pressure the law exerts on them the more desperate becomes their resistance, until breaking point is reached. I believe that breaking point would not be far off if the country really showed itself behind the Government, and so I find myself back again at the same point—the vital necessity for the Government to explain to the country its true position and for the country to answer the call.

Improved as the situation is, I believe it will take years finally to suppress outrage unless the country rouses itself.

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If there was any real citizenship it could be done in six months. This is the darkest point of the picture—the growing isolation of the Government, the unending apathy and selfishness of the people. "As long as I am not hurt, it does not matter about my neighbours; let the Government look after them." Someone with more than the usual amount of pluck calls "Murder—murder." His house is burned. What is the current comment? "Oh, well; he was asking for it; he should have kept quiet about what did not concern him."

Now and then a letter appears in the daily papers suggesting united action; now and then a leader in one Irish daily paper calls on the country to support the Government actively. No one moves. Will no one ever move? We have had enough public meetings, God knows, condemning all attempts of the Government to govern. When are we going to have one to assist it? Yesterday I was stopped in a Dublin street and asked to sign a petition to stop executions!! What about a petition to stop ruining the country?

The Government must come closer, must ask for sympathy, advice and help. They must try and teach civic duties, must stop being the great good Government, utterly inaccessible and cut off from their electors. If they do that they will strike the death knell of the Irregular campaign.

However, this is not descriptive of the situation in Ireland: it is merely the overflow of heart-sickness. I must proceed.

As I have said, the situation has improved in many ways since June last. Roads are open, bridges are repaired, the counties of Cavan, Longford, Leitrim, Westmeath, Meath, Dublin, Wicklow, Wexford, Carlow, and Kilkenny are fairly quiet. One can motor through them, and unless one has very bad luck no trouble either by way of torn-up roads or loss of property will be experienced.

There is one exception, however, to the general improve-

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ment—the war on railways. That is worse. I think it is the most serious of all the wreckage caused by the Irregulars. The murders involve more suffering to individuals. They terrify and shock us more, but they do not do so much harm to the life of the country. It is a brutal thing to say that individual lives are not so much loss to a modern community as means of transport; but if the manufacturer cannot get coal, if the farmer cannot sell stock, and if the retailer cannot buy goods, then economic ruin is bound to follow. Breaking up the railways, burning trains, and blocking up roads hits at the very life of the country. I fear that there can be no doubt that the damage is not being done entirely by Republicans. Railway workers are, I believe, responsible for a good many of the outrages. It is very difficult to understand the mentality that induces such an act by a man whose bread is earned on the machine which he destroys. I think they have some misguided idea that if there are enough railways wrecked the Government will be bound to take over the entire control and management of the lines. In other words, that their methods will induce Nationalisation, and that then they will have easier times and better pay.

Last summer a commission was appointed by the Government to consider the best method of working the Irish railways and solving the labour problems connected with them. The majority report of this Commission was in favour of Nationalisation: a most unfortunate decision at the present time in Ireland. The Government had the good sense to shelve the report. The harm was done, however, and the hands of another batch of State-breakers were strengthened. What weakens the State embarrasses the Government, so, of course, the Republicans are also ready to take every opportunity of wrecking a few trains—and so the ghastly tragedy goes on.

The Great Southern Company is not earning enough to pay its wages bill. How is this branch of the trouble to be settled? I know not. One thing is sure: the railway

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workers who assist in such outrages will live to regret the day such conduct was countenanced.

An Irishman used to be always described as an idealist. It is beginning to be pretty clear that he is somewhat of a realist also—at any rate he is not averse to profiting by disorder and avoid paying his debts. The no-rent campaign is an instance of this. “We must have land purchase completed; we will force it on by refusing to pay our rent, and if we incidentally benefit ourselves and avoid the rent altogether so much the better.” In yesterday’s *Dail* a Bill to enforce payments was introduced. It is the right thing to do, and for goodness sake get on with it, and tell the people that it is for their sakes it is being done. Let the grocer and the butcher and the candlestick maker understand that it is their interests that are being protected; that it is not an act of repression or oppression, but an attempt to inculcate commercial honesty. Lawlessness breeds lawlessness, and every day’s delay is adding to the difficulties of the problems confronting the Government. Delay at the present time is doubly dangerous. I would much prefer to see mistakes made and something being attempted than this never-ending ineptitude, the postponement of problems which cry out for immediate solution. The Government should decentralise more than it does. It should also be more open. Let the people hear what are the difficulties and let the people state what are their fears. Nothing is so hard to bear as suspense, with the feeling that something is going on which we don’t know of, and which may break out at any time. Except when I am depressed by some particularly atrocious murder or outrage, I have no doubt that the Free State will ultimately win out. If anything can break it, it will be the exclusiveness of the present Government. It is almost as difficult to see a Minister in Ireland now as it was to see one of her former rulers, and I am not sure when you do see them that what you say has any more weight. No man is worse off for getting advice and hearing the views of *all* classes. They

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will never get the country really to back them up unless they take the country into their confidence, and unless the country really backs them, the Irregular activity will last for years. The country has wonderful recuperative power. Any stranger coming to Dublin to-day would find nothing unusual in the ordinary life of the city. Business as usual, sport as usual, pleasure as usual. On the surface all is the same as if no "war" was on. Do not think that Ireland is a fortified camp, and that everyone lives behind closed doors. If you have no interest or interests in the country you can enjoy your hunting and racing the same as ever.

I wonder what the next year will bring forth. I hope that the Free State Government will go on from strength to strength, and, above all, that the Irish people will learn that some form of government is essential and that when once you have elected a Government you should support it, and not its enemies.

THE FUTURE OF REPARATIONS AND INTER-ALLIED DEBTS

THE Reparation problem proper—namely, the problem regarded from the economic and financial standpoint of getting as much money as possible out of Germany by joint Allied action—has, since the occupation by the French of the Ruhr, receded into the background. Whether it will ever emerge depends in the main on the lengths to which the French Government will find itself committed by the momentous step which it has taken. If the occupation of the Ruhr develops into a prolonged and bitter struggle waged with the whole national force on both sides between the French and German nations, it is quite likely, indeed, that the problem in its old form will never emerge when the struggle is ended. The face of Europe may be so changed that it may be out of the question to attempt again to enforce in any real sense the reparation clauses of the Treaty of Versailles. If, however, the French Government and the French people ultimately come back to the British view and accept the mediation of some other nation or nations in the matter, then a satisfactory settlement may still be possible.

In that case it would be important to be clear as to the general principles which should govern any general settlement with Germany. It is worth while, therefore, to make a survey of it on the broadest lines and to review the position and attitude of the main protagonist countries towards this many-sided problem.

The Future of Reparations

The attitude of this review has never varied. In June, 1919, in the middle of the Peace Conference, **THE ROUND TABLE*** stated that :—

The peoples of Britain, France and Belgium have been led to hope that many of their financial and economic troubles will be solved by the vast indemnity, which is to be obtained from Germany. Members of Parliament in England have in their innocence, and misled by their betters, given pledges which cannot possibly be fulfilled, and unfortunately persist in giving vent to opinions and exciting hopes which are inevitably doomed to disappointment. . . . What Germany can pay per annum 20 years hence no man can say. What she can pay in the next five years will be limited by the extent of her recovery, and in any case cannot be large enough very seriously to alleviate the great financial problems which within that period the nations of Western Europe must have solved. . . . If she is bound in future to make yearly payments to an amount which will in all reasonable human expectation exceed her capacity, then no one outside a lunatic asylum will lend her money or credit, and she will not recover sufficiently to pay anything.

A few months later, in March, 1920,† it was pointed out that the process already starting in Germany—

cannot continue indefinitely without Germany's currency ultimately losing all value, and once her people have abandoned all confidence in her currency, it is difficult to foresee the consequences. . . . On this question (the reparation question) the writer is in general agreement with Mr. Keynes' book. Unless every plan of mutual assistance in Europe is to be quite unworkable, some definite sum which Germany must pay must be fixed upon. She must be left to find means of paying it, and the Reparation Commission in its present form must be abolished.

From these views this review has never wavered. It has always regarded, and still regards, the Reparation Clauses of the Treaty of Versailles as fantastic, and little less fantastic—at any rate if their object has been to get an indemnity out of Germany—the modifications of the Treaty determined upon in the numerous conferences which have been held.

* **THE ROUND TABLE**, No. 35, June 1919, p. 462.

† **THE ROUND TABLE**, No. 38, March 1920, p. 260 and p. 274.

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It is logical that we should deal first of all with Germany. Clearly we must first make up our minds what Germany can pay. We need waste no time considering what she can pay now. It is sufficient that M. Poincaré himself admits that even the occupation of the Ruhr will hardly yield anything. But it is important for the future to consider how Germany has been brought to this pass. M. Poincaré, with almost every other Frenchman, and a great many people in this country, say that it is all her own fault. That is not our view. Clearly German war and post-war finance prepared a splendid seed bed for the growth of paper money and of inflation. It was as bad as it could be. The German Government was more reluctant even than the French Government to impose the necessary taxation. They deluded their people by holding out before them that indemnities to be obtained from the Allies would pay for the whole cost of the war. Had there been, therefore, no reparation burden at all, Germany would have had to make a great effort to pull herself round. But, admitting that, we regard the reparation payments past, present and to come, and all that has gone with them, as almost entirely responsible for the present state of the mark. The general effects of the Treaty obligations, as modified from time to time, have been sufficient in themselves to destroy German credit. The whole world has known that Germany is an insolvent debtor, with obligations far greater than she can fulfil, and yet that her creditors would refuse to recognise this fact, and to agree upon a composition. It has been the continual crisis in which Western Europe has lived, and the constant threats of force that have been the leading factors in the mark's collapse. The most powerful human instinct, that of self-preservation, came into play. The whole population fled from the mark. No one can visit Germany without being deeply impressed with the profound results which flow from the complete loss of confidence of a people in its currency, and the way in which those results penetrate through the whole fibre of the national

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being. A sort of fatalistic and pessimistic spirit is developed, which is the most difficult of all to deal with. It is obvious, of course, that, when the depreciation of a currency sets in, all sorts of interests are fostered in the country concerned, which find their advantages in the continuance of that depreciation, and which shudder at the crisis which must attend any process of stabilisation. An enormous speculative fever is developed. On the one hand the profiteers and the great industrialists see an immense chance for themselves in borrowing marks in order to increase their ownership of assets of every kind. They repay their loans in a constantly depreciating currency, and therefore they get their assets dirt cheap. On the other hand, all those who live on fixed incomes clearly and rightly foresee their ruin if they sit still and do nothing. They, too, are driven into "bear" speculation of all kinds. They speculate on the fall of the mark in order to make a livelihood, and therefore they hasten its fall. The process once started gains a constantly accelerating momentum. Just as the boom time in England, with rising prices, resulted inevitably in gross profiteering, which the Government could by no means check, so the depreciation of the German currency, leading equally to constantly rising prices, will continue to produce similar results in a vastly exaggerated form, and will always be uncontrollable by Government, so long as fundamental conditions admit of constant further depreciation. But these results are effect, not cause. They can only be checkmated by the restoration of Germany's credit, and then they would be entirely checkmated. The evils which now bulk so much before the eyes of the critics of Germany can be cured in one way only, and that is by the restoration of her credit and the stabilisation of her currency. When once the blessings of stabilisation have been secured, it is no more likely that the industrial leaders of Germany would deliberately attempt, in order to avoid a reasonable and practicable indemnity, to plunge her back into chaos, than it is that our industrialists

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should do the same here in order to get out of the payment of our debt to America.

Meanwhile the situation in Germany is exceedingly dangerous. What the end is is a question which it is very difficult to answer. There is in course of progress an immense redistribution of wealth. All the fixed-income classes are ruined. Many of them must be living on charity or starving. But from the point of view of the social order the vital question is whether the great producing machinery of the country will be able to continue to work. So long as it does, all those who live by it—and if one includes the agricultural population they must be the large majority of the nation—will perhaps be able somehow to adjust themselves to the shifting conditions, though the standard of living of the German workman must be far below ours already. It is doubtful, however, whether one can contemplate an indefinite prolongation of this state of affairs without disaster. There can be no saving going on among the population; it is against common sense to save. Moreover, nearly all things sold abroad or to foreigners in Germany are sold at prices which are really less than the world value of the German capital and labour invested in them. While Germany's fixed assets may remain as before, the floating capital of the country must be becoming diminished, and if this process is indefinitely continued the ultimate end must be disastrous. Whatever happens, one way or the other German industry and finance must some day face a crisis. But the crisis they would face through the stabilisation of the mark now would be nothing compared with the crisis, which will come if they go on, until they are so impoverished that they cannot feed their people, or give them any work.

But while it is extremely difficult to say what will be the final effect on the German highly-developed organism of the entire collapse of her currency, which has as we write a value of well over 100,000 marks to the £, it is unquestionable that it has resulted inevitably in such chaos to the

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budget that any present cash payments in respect of reparations are impossible. Before they can again begin, the German budget must show a real surplus of receipts over expenditure. And before that can be achieved Germany must have arrived at some stabilisation of her currency and some restoration of her credit. None of these things can now be achieved without the abandonment of the policy of force, threats and sanctions ; and without both the definite settlement of Germany's total liability and the grant to her of some years' relief from all payments, whether in cash or in kind. In time no doubt she could pay a great deal. She will have hardly any burden of internal debt, and presumably small armament and military expenses. She should therefore have no difficulty in balancing her budget, or in finding the revenue necessary to pay a very large indemnity. But to find the revenue in marks is not the only difficulty. She must have an equivalent surplus due to her from abroad. For it would only be by such a surplus in the balance of payments due to her from foreign nations, as compared to her payments to them, that she could meet her debt. In time she might conceivably pay £100,000,000 a year. But the growth of so great a surplus is a matter of time and of the development of her export trade. One may with reason question whether any such figure as this could be reached for some time, and whether it is desirable in our interests that she should pay so much. It is true that, if Germany has no internal and only a small external debt, her citizens and her industry will be much less burdened than ours. On the other hand, to pay a very large indemnity Germany must sacrifice everything to her export trade, and therefore our foreign trade will be subjected in consequence to the sharpest competition from her, until the world has reached a new equilibrium.

The able and comprehensive, if undiplomatic, plan put forward by Mr. Bonar Law in Paris, which has been described by one of the best-known British newspapers as deserving at the hands of the French " the contemptuous

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rejection it received," went in fact to the extreme limit, and in our opinion beyond, in the amount of the burden it imposed on Germany. Very briefly, it proposed, first, a four years' moratorium ; secondly, £100,000,000 payment per annum for the next four years ; thirdly, £125,000,000 payment for the next two years ; and, fourthly, thereafter £166,000,000 payment, or such smaller sum, not less than £125,000,000, as an impartial tribunal might fix. The total capital sum was fixed at £2,500,000,000 and the length of time during which Germany would have been under obligation to pay the above annual sums would depend on her ability to anticipate the amounts due by making even larger payments under high rates of discount. The extent to which she could do this would depend in turn on her power to raise large international loans abroad. It need hardly be said that no international loans to Germany are possible now. We are inclined to doubt whether really large loans for reparations purposes will ever be possible or, from the economic point of view, desirable. The world cannot afford the shocks to its equilibrium caused by the huge transactions which are glibly proposed. M. Poincaré, indeed, showed how unreal is the economic atmosphere in which he moves by actually mentioning the possibility of Germany raising £1,000,000,000 abroad in 1923. Such figures are, of course, entirely legendary. Even in the height of the war by far the greatest operation of this kind was the joint borrowing of £150,000,000 by England and France on the New York market ; and that could not, in our opinion, be repeated in times of peace. Certainly nothing can be done for Germany, until the reparation question is finally settled. It is likely, therefore, that Germany would have to meet her debt by annual payments out of her own resources. We regard it as very doubtful whether she could find £100,000,000 a year four years hence. Certainly a figure of £166,000,000 at any time is more than doubtful.

In any final settlement we shall, in our opinion, have to

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reduce our demands. Even if France were now to extort greater promises from Germany by coercion, they would not, and could not, be fulfilled. On the other hand, it is possible that some method might be devised by which Germany's payments would rise automatically in proportion to an increase in her exports over a certain figure, or in proportion to some other measure of increased prosperity. All such schemes present difficulties, but they might not be insuperable.

That being the German position, what about the financial position of France? The French people have in the past four years sincerely hoped and believed that they would get almost at once very large sums from Germany.

It is only too natural, however, that the French should want to get the largest possible payments quickly from Germany, for their own financial position is becoming precarious. It is not easy to ascertain what the French Government have spent on the devastated areas. It runs into many hundreds of millions sterling, though undoubtedly the expenditure has to some extent been on an extravagant scale. But the French people, not lending themselves easily to direct taxation, have been waiting to see if German money is coming before really making up their minds to face the sacrifices involved, and now it is too late. Meanwhile they have made both ends meet by lending to their own Government, and have, indeed, accomplished an extraordinary feat, and manifested the vast saving capacity of the people by raising huge sums without inflating their currency. But borrowing cannot be continued perpetually without inflation coming in through the window, if not through the door. Briefly, the budgetary position of France for 1923 is as follows. Her revenue is expected to reach 18 milliards of francs. Her public debt "so far as concerns the ordinary budget" will require 11½ milliards, leaving something over 6 milliards, which is said to be nearly sufficient for her expenses on administration and national defence. But, unfortunately, another 3½ milliards are

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required for interest on loans raised through the Crédit National and other channels for reparation, and even then war pensions remain to be dealt with. On the top of this the Government have stated that sums equal to many hundreds of millions in sterling must be raised in the next three years in loans for further expenditure on the devastated areas. Since there is no chance, in our view, of France getting any cash from Germany for the next three years, it is clear, first, that their problem is a serious one, secondly, that they must solve it themselves, and thirdly, that it can only be solved either by a great increase in taxation or by a fresh depreciation of the franc.

It is important to note what the Americans would call the French "reaction" to this problem. The French view, as expressed publicly, may be summarised as follows:—

(1) Germany has deliberately drowned herself in paper money to escape payment.

(2) Germany will inevitably do the same again if she is left free to pay as she likes.

(3) While the Government is bankrupt, the country's real assets remain undiminished. France will admit that Germany has bamboozled her out of cash. Her reply has been to occupy the Ruhr Valley and take some of her assets instead.

(4) Even if such action brings no cash to the till, it is the only means of putting pressure on Germany to place her finances in order, control her industrialists and agree to a satisfactory settlement.

(5) In any case, if France were to agree to a great reduction in Germany's debt, England should not only cancel France's debt to her but cancel also her share of reparations, for France considers she has an indefeasible right to priority of payment in respect of the devastated areas, and if, as is likely, German payments do not exceed the cost of restoring the devastation in Belgium and France, all those payments should go to these two countries.

If a psycho-analyst were to analyse the French views, as

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expressed above, he would probably arrive at the following conclusion. The French people have, ever since the armistice, been governed by two conflicting impulses. The one to get cash from a strong and prosperous Germany, the other to keep Germany weak, and even to disintegrate her. When cash was desperately needed, and seemed impossible to come by in any other way, the impulse to subordinate everything to that was very strong. But this impulse will become weaker. The devastated areas will ere long be restored. Somehow, by inflation or otherwise, France can and will solve her own internal financial problems. And, in any case, what is the good of receiving cash from Germany years hence, when it is in the next two or three years that the squeeze will come? As the days pass, therefore, the strength of the desire for cash will constantly diminish. On the other hand, the much deeper and the permanent emotion in favour of security remains. If the instinct of self-preservation drives the Germans from the mark, it is the same instinct which has driven the French into the Ruhr. It is naturally a strong temptation to France, even if she does not admit it to herself, to use the reparation weapon ostensibly for the one purpose, but in reality for the other. For it is almost impossible to believe that so intelligent a nation can really suppose in their heart of hearts that their policy of force can bring them the reparation that they want. The psycho-analyst would probably conclude that the driving force has been fear, and fear, when it absorbs a personality, is perhaps the strongest and most intractable of all emotions. To reach a settlement satisfactory on purely economic and financial grounds, the course of the French Government should have been exactly the opposite to the one that they have pursued, for, as we have stated, the payment of reparations requires first and foremost the restoration of German credit. The restoration of German credit requires the abandonment of the policy of threats and the gradual cessation of the occupation of Germany. It requires the

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fixing of a definite and reasonable total, and assistance to Germany in the form of credits, and so forth. It means, indeed, that the Allies must really want to see Germany economically strong in order that she may be able to pay. For a further reason the restoration of German credit is vital. The debtor who has entirely lost his credit becomes shameless. He can suffer no more damage by not paying. But if he accepts assistance from his creditors in the restoration of his credit, and at the same time solemnly undertakes a burden of debt within his capacity, that in itself becomes the best security that he will live up to his bond. His credit once being restored he will not easily set his hand to destroy it once more. If we wish to be paid, our object should be to get the German indemnity on the same basis as our debt to the United States. America does not have to occupy Wales to make us pay, and if she did we should refuse to. There is, of course, a great difference between a debt such as ours and a fine which is resented. By the "reparation diehards," both here and in France, the very suggestion that one should trust the German people at all would be scouted. Nevertheless, it is, in our opinion, an undoubted fact that, if the Allies cannot believe the written word of Germany, or trust her at all, then they may as well write off reparations altogether, for they will never get them.

These being the circumstances of France and Germany, what are England's interests and what should be the policy of the British Government when, if ever, the question of Reparations and Inter-Allied Debts are again discussed at an international conference of the countries concerned?

The British Government have just agreed—and in our opinion rightly agreed—to the terms proposed by the American Funding Commission with regard to the repayment of our debt to the United States. Broadly, the terms are that we are under obligation to redeem the debt over a period of 62 years by the operation of a Sinking Fund of half per cent. per annum and to pay interest in addition

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at the rate of 3 per cent. per annum for the first ten years and $3\frac{1}{2}$ per cent. thereafter. The total annual payments will for the first ten years probably average about £33,000,000 and thereafter amount to about £38,000,000. If we wish, we can repay the whole or part of the debt at any earlier date by giving short notice. The debt must be redeemed in dollars, in which currency it was contracted. The terms are very satisfactory to the United States. As we were under contract to pay 5 per cent. interest and fund the debt whenever called upon they cannot be said to be unsatisfactory to us, though they are undoubtedly very onerous. We could not adopt the attitude of France and Italy and say we could not pay. Our pride, our credit and our circumstances all forbade this particularly after our constant asseveration that we intended to pay every penny. Our only alternative was to make the best arrangement we could. Possibly had our case been better advertised in the last few years in the United States the American public would have agreed to a less severe bargain since the moral arguments for treating war-debts as totally different from ordinary commercial debts are overwhelming. But in the present state of opinion there we have secured probably the best terms that either this or the next Congress would accept. And it was of the first importance that we should at least come to some settlement, so as to facilitate as far as possible the co-operation of England and America in the solution of the still more difficult problems with which they are both deeply concerned. Nevertheless, it is a serious burden upon this country, and, the debt being payable in another currency, involves a serious risk. Our taxation problem is in any case going to strain us to the uttermost, and this further claim upon us will intensify it. Taxation in the end always hits the poorest of the people, and it is our unemployed who will be affected as well as our taxpayers. The method of payment of this great annual sum requires more study than has been given it. America would probably have to increase her loans to

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foreign nations, to whom we are accustomed to lend; we should reduce our foreign loans. By some such methods the necessary adjustments may be made with the least possible disturbance to foreign trade.

This then is fixed. We repay our debt to the United States. But what is not fixed is what we receive from our debtors—from Germany, from France, from Italy, from Russia and the other nations to whom we have lent. Mr. Bonar Law's plan put forward at Paris did, indeed, propose in certain circumstances to remit our debts from France and Italy, and therefore, no doubt, from others; but that remission was contingent on the full acceptance of the whole plan. It was rejected without consideration by France. Our claims against France and our other debtors remain, therefore, in full force.

Mr. Bonar Law, as has been evident in all his speeches, contemplates with some dismay paying our own debts and yet receiving nothing from our debtors. He therefore, it seems, framed his plan, so that, while cancelling our Allies' debts to us, we recovered, or appeared to recover, sufficient from Germany almost to balance the payments due by us to the United States. In other words, he adopted in another form the policy of the Balfour note. He proposed that the ultimate division of the Reparation receipts due to France and England from Germany should go as to £1,080,000,000 to France and £900,000,000 to England. While, therefore, cancelling France's debt, he was driven to propose a division of Reparation receipts as between the two countries, which it is not to be supposed France would ever consider fair. The generosity of our offer on the one side was thus lost in what appeared to be our unfairness on the other. And this disadvantage was not compensated by our taking payment from Germany largely in bonds which, as was generally admitted, were very likely never to be even brought into existence. In our view, any future plan put forward by us must take a different form. The Reparations problem should be considered on its merits

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and not as a means of enabling us to pay the United States. Our proposals should not be vitiated by the same defects as was Mr. Lloyd George's policy at the Peace Conference. He doubled the total claims on Germany by determining that, whatever were the terms of the armistice, both France and England must secure enormous sums from Germany. And he gave no priority to France. It is these blunders that to no little extent have been responsible for the subsequent catastrophes. If one admits, as one ought to, that priority should be, and should always have been, granted to France in respect of expenditure on the devastated areas, then undoubtedly France's share, as provided in Mr. Bonar Law's plan, must be very largely increased at the expense of ours. There is no need for us to complain. Our own claims against Germany in the Peace Treaty are, as we pointed out in THE ROUND TABLE* at the time, indefensible under the armistice terms. We were not entitled to include pensions, and the pensions of all the Allies together amount to something like half the whole claim against Germany. Mr. Lloyd George did so as the only means of securing for this country and the Dominions what he, and, no doubt, his followers, regarded as an adequate share of the huge spoil which was foolishly and extravagantly anticipated. But though the claim was supported by high legal opinion it was in our view an immoral one, which has dishonoured our country, and which we ought never to enforce. It is right for us, therefore, on both these grounds enormously to reduce our own demands upon Germany. Only by such action on our part is a settlement acceptable and fair to France possible.

But if we show full fairness to France here, what about France's own debt to us. While our opinion in favour of the general cancellation of all war-debts on the broadest considerations remains unaffected, the situation has at any rate temporarily changed. France has taken her own methods, notwithstanding our protests, for the collection of

* THE ROUND TABLE, No. 35, June 1919, p. 466.

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Reparations. And on our side we have undertaken to pay America. There is every reason to suppose America intends also to demand payment from France and Italy on the same basis as we have agreed to. It would be too much to ask that we should now cancel her debt to us, *in order to enable her to pay the United States*. For that would mean we should not only be paying our own but also France's debt to the United States. Our policy with regard to France's debt to us is, therefore, contingent on that of the United States. There is every reason why these two problems should now be settled by mutual arrangement between the two countries.

There are several possibilities. Both the United States and England might ask France to redeem part of her debts on various terms, or they might both agree to cancel all debts. In that case England and Germany—if any settlement of the Reparations problem were arrived at—would alone remain burdened by external war debts. It is impossible that such a solution should be regarded with satisfaction and contentment in this country. Perhaps by that time public opinion throughout the world, and even in the United States, will have advanced to the conclusion that insistence on the repayment of these great inter-Governmental debts is unwise and unprofitable. But that day has not come. We can only await events, and meanwhile redeem our bond.

England's interest is overwhelmingly in favour of a settlement both of the Reparations problem and of Inter-Allied Debts which will be economically satisfactory, which will not hinder the return of exchanges and currencies to stability, and which will definitely remove these questions from the arena of controversy. Her great problems are to employ her constantly growing population and to bear, and if possible to lighten, her huge burden of taxation. Neither can be solved except by the return of world prosperity. In comparison with that, everything else is of little importance. Payments of cash by debtor nations like

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France and Italy, while welcome to us as taxpayers, will not bring nearer, they may even retard, the approach of world prosperity. For this reason they should weigh comparatively little in the balance. Payments by us to America will bear the less heavily, the more prosperous we are. The problem is not a static, but a dynamic one. By the growth of industry and commerce throughout the world we should in a few months gain more in the increase of our national income than we are ever likely to get out of France, Italy and Russia. In our view Mr. Lloyd George laid, and Mr. Bonar Law seems also to lay, too much stress on debt-collecting as against international peace and goodwill. They are not singular in this attitude. The world's eyes are fixed far too exclusively on these payments by one nation to another. France considers her prosperity lies in getting vast sums out of Germany; the United States in getting vast sums out of England; England, sanest of all, is still, and in the circumstances very naturally, reluctant to forego the chance of getting at any rate very considerable sums from her debtors. Meanwhile, in order that impossible sums in cash may be paid over by the respective debtor nations, the world is kept in chaos and turmoil; exchanges fluctuate wildly, and industry and trade become a speculation. What the world, and particularly our own country, requires is the smooth working of the great international machine. But if we are each to demand our pound of flesh, if strict justice according to the letter of the bond is to be our guide and everyone else's, the controversy will never end until the whole world is exhausted.

These debts problems must be settled. Now that this country has settled her obligation to the United States, the latter country may be ready to call jointly with us a Conference to attempt the task. But it is useless to do so until a chance occurs of mediation between France and Germany. If and when that occasion arises, it should at once be seized by the British Government.

WALTER PAGE

HISTORY will probably accord to Walter Page, Ambassador of the United States to Great Britain during the Great War, a greater place than either his contemporaries or he himself imagined. Page's life was a conspicuous example of what can be accomplished by a man possessed of none of the world shaking gifts, but of refinement and simplicity of character, shrewd common sense, and inflexible moral purpose. No one can point to any great or sensational achievement that was his. But from the first day of his Ambassadorship, though he had had no previous experience of international relations, his judgments were singularly righteous and true, and, owing to the lucidity, persistence and courage with which he expressed them, they manifestly exerted a far-reaching influence on men who were far more in the world's eye than he.

Page's early life was typical of his time. Brought up in the traditions of a Southern family, he early broke away to make his own way in the West. His natural talents led him into journalism, and gradually by his independence, originality and literary competence he grew to be probably the most successful high-class magazine editor of his time. He had charge in turn of *The Forum*, *The Atlantic Monthly*, and finally, as part of the business of Doubleday, Page and Co., which he helped to found, of *The World's Work*.

Page regarded his editorial duties as fundamentally a form of public service. It was his business to discover fresh talent and give it a chance of expression, to ventilate

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new ideas, and to support every movement for the betterment and education of the democracy in which he lived. One of his characteristic enthusiasms was to free his beloved South from the worship of three "ghosts," "the Ghost of the Confederate dead, the Ghost of religious orthodoxy, the Ghost of negro domination," which he regarded as the chief hindrances to its recovery.

A Southerner by birth, a liberal by nature, a democrat by tradition and conviction, it was natural that Page should have been an ardent supporter of the Wilsonian programme in the Presidential campaign of 1912. He believed in everything that President Wilson stood for, low tariff, conservation, the betterment of agriculture, the limitation of the power of monopolies and trusts and of financial privilege. At one time it was thought probable that he would be given a seat in the Cabinet. But the President sent him as Ambassador to London instead, where he took up his duties in May, 1913.

Page's reflections on his first official contact with Great Britain are illuminating. He was appalled by the strength of social caste divisions, by the disregard of what he had called in the South "the forgotten man," by the indifference to the regenerating power of education and democracy. But he was attracted and impressed by the character of the people and the standards of culture and honesty of the leaders in public life :—

You know (he writes) there's been much discussion of the decadence of the English people. I don't believe a word of it. They have an awful slum, I hear, as everybody knows, and they have an idle class. Worse, from an equal opportunity point of view, they have a very large servant class, and a large class that depends on the nobility and rich. All these are economic and social drawbacks. But they have always had these—except that the slum has become larger in modern years. And I don't see or find any reason to believe in the theory of decadence. The world never saw a finer lot of men than the best of their ruling class. You may search the world and you may search history for finer men than Lord Morley, Sir Edward Grey, Mr. Harcourt and other members of the present

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Cabinet. And I meet such men everywhere—gently bred, high-minded, physically fit, intellectually cultivated, patriotic. . . . I cannot see that the race is breaking down or giving out.

Page never changed this opinion, though later on he saw that the war was rapidly making Britain more democratic. "Privilege, on which so large a part of life here rests, is already pretty well shot to pieces," he wrote in 1918. And he discovered, too, that the fibre of character which he had admired in the few, ran through all classes.

It was this judgment which led Page to the great positive conviction of his diplomatic life, that the future of the world depended upon real understanding and co-operation between the British and American Commonwealths. This idea, or rather the reasons which he gave for it, are perhaps Page's most permanent contribution to political thought. Not long after the outbreak of the war he wrote :—

The first impression—perhaps the strongest—is a loss of permanent interest in Europe, especially of all Europe outside this kingdom. . . . The idea that we were brought up on, therefore, that Europe is the home of civilisation in general—nonsense! It's a periodical slaughter pen, with all the vices that this implies. I'd as lief live in the Chicago stockyards. There they kill beeves and pigs. Here they kill men, and (incidentally) women and children.

Then he goes on :—

As the world stands, the United States and Great Britain must work together and stand together to keep the predatory nations in order. A League to enforce peace and the President's idea of disentangling alliances are all in the right direction, but vague and general and cumbersome, a sort of bastard children of neutrality. The thing, the *only* thing is—a perfect understanding between the English-speaking peoples. That's necessary, and that's all that's necessary. We must boldly take the lead in that. I frankly tell my friends here that the English have got to throw away their damned arrogance and their insularity and that we Americans have got to throw away our provincial ignorance.

Page's idea, however, was not a mere combination for security. It was a vision of a world set free from the

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hatreds and limitations and ignorance of the past, and marching steadily to unity and prosperity by reason of the spread everywhere of true democratic ideals. Democracy, to Page, was not a system of government, "it is a scheme of society." As Mr. Hendrick says, "the only acceptable measure of any civilisation, Page believed, was the extent to which it improved the condition of the common citizen. A few cultured and university trained men at the top; a few ancient families living in luxury; a few painters and poets and statesmen and generals; these things, in Page's view, did not constitute a satisfactory state of society; the real test was the extent to which the masses participated in education, in the necessities and comforts of existence, in the right of self-evolution and self-expression, in that 'equality of opportunity' which Page never tired of repeating, 'was the basis of social progress.'" Moreover, Page saw that it is not

for merely doctrinal reasons that we are concerned for the spread of democracy, nor merely because democracy is the only scheme of organisation yet wrought out that keeps the door of opportunity open and invites all men to their fullest development. But we are interested in it because under no other system can the world be made an even reasonably safe place to live in. Aggressive autocracies wage aggressive wars. Aggressive autocracies, especially military autocracies, must be softened down by peace (and they have never been so softened) or destroyed by war.

Holding this creed, it was natural that Page believed that the leadership of the world in its progress towards better days must come from America.

The American spirit, which is the spirit which concerns itself with making life better for the whole mass of men—that's at home at its best with us. The whole future of the race is in the new countries: our country chiefly. This grows on me more and more and more. . . . We have more adaptability, a greater keenness of mind in our masses; we are old-world men set free—free of classes and traditions and all that they connote.

In consequence, when anyone talked to him about the

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aloofness or remoteness of America, he used to retort that the real aloofness was in Britain, which still thought itself the centre of gravity in the world, while the centre of progress had really shifted to North America. Britain had to be willing to learn of America before there could be a real "union of thought."

There was nothing that was little about Page's view. He did not wish for American leadership because he was for "America first." He hated imperialism in all its forms. The leadership he wanted was one in service of humanity and in upholding moral standards in international affairs. He saw clearly, however, that in any such enterprise the co-operation of Great Britain was essential and could be counted upon:—

The English must be driven to lead (too). . . . They are necessary to us and we to them. . . . What we care most for are individual character, individual development, and a fair chance for every human being. Character, of course, the English have—immense character, colossal character. But they have not the dimmest conception of what we mean by a fair chance for every human being—not the slightest. . . . The United States can play a part bigger than we have yet dreamed of if we prove big enough to lead the English and the French instead of listening to Irish and Germans. Neither England nor France is a democracy—far from it. We can make them both democracies and develop their whole people instead of about 10 per cent. of their people. . . . For it will fall to us to loose and to free the British, and a Briton set free is an American.

It was his enthusiasm for a close understanding between the United States and the British Commonwealth, because without it his vision of the new world could not come true, that made Page fight so strenuously in 1913 that President Wilson should insist on "the square deal" in the Panama tolls controversy. A "square deal" was necessary to England's goodwill and confidence in America. It was necessary if America was to take the lead in making morality and not self-interest and intrigue the standard in international dealing.

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It was this same enthusiasm which determined the attitude which Page took during the Great War. To Page the war, almost from the start, was a struggle for the things he cared most about, for democracy, for freedom and opportunity for all mankind, for moral dealing between nations, against the forces of absolutism and reaction. He had gained some insight into the spirit of militarism which dominated Germany before the war, from the results of Colonel House's peace mission in the spring of 1914. "I feel as though I had been living near a mighty electric dynamo," said Colonel House when he returned. "The whole of Germany is charged with electricity. Everybody's nerves are tense. It needs only a spark to set the whole thing off." And when the war broke out Page wrote, "The German militarism, which is *the* crime of the last fifty years, has been working for this for twenty-five years. It is the logical result of their spirit and enterprise and doctrine. . . . We've got to see to it that this system does not grow up again. That's all."

Possessed by this conviction, Page was not only passionately interested in the progress of the war, but in the attitude his own country took towards it. Though he did not believe, until towards the end, that the United States should enter the war, he could not understand the behaviour of the man in whom he had formerly placed so much confidence and hope. Here, to Page's mind, was the greatest moral issue which had arisen in the world since slavery, and President Wilson prescribed, not only official neutrality, but neutrality in thought as well. This attitude hurt the deepest moral instincts in Page's nature. He believed to the bottom of his heart that the Allies were fighting for the right and Germany for the wrong, yet his own task was to impede the success of the Allied cause by insisting in season and out of season on neutral rights by sea, on the instructions of his own Government. And the more obvious the German guilt appeared, the more neutral that Government seemed to become. The action of the

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President in failing to hold Germany to a "strict accountability" for the sinking of the *Lusitania*, and later his persistent efforts to try and force a "peace without victory" on the ground that he could see no difference between the purposes of the two sides, gave to Page inexpressible pain, and gradually destroyed his faith in his chief.

There can be little doubt that it was the strain on Page's feelings even more than the burden of official work during this time that undermined his health. Yet he never failed to discharge his duties as Ambassador with scrupulous loyalty. And it was undoubtedly largely owing to his efforts that the period of neutrality passed without an open quarrel between Washington and London. He was on the best of terms with Sir Edward Grey and Mr. Balfour. He was indefatigable in endeavouring to bridge differences and correct misunderstandings. And from first to last, with a fearlessness that astonished his friends, he never ceased to impress upon the President by cable and letter, and finally in a personal interview, his conviction that the war was a struggle between freedom and despotism, democracy and reaction, and that it was the duty of the United States to undertake the "championship of democracy":—

I see no other way to take the best and biggest opportunity that has ever come to prove true to our faith as well as to secure our own safety and the safety of the world. . . . This is the attitude, surely, that our fathers would have wished us to take—and would have expected us to take—and that our children will be proud of us for taking; for it is our proper historic attitude, whether looked at from the past or from the future. There can be no historic approval of neutrality for years while the world is bleeding to death.

Nor did Page ever waver from the view that if the United States had taken its stand earlier in the war, Germany would have felt the impossibility of standing against "practically all the Liberal world," and would have sued for peace before the United States had begun to exercise her military strength.

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Perhaps the most interesting document in the whole book is a memorandum written by Page, summing up his judgment of President Wilson's policy :—

Embassy of the United States of America.

April 1, 1917.

In these last days, before the United States is forced into war—by the people's insistence—the preceding course of events becomes even clearer than it was before ; and it has been as clear all the time as the nose on a man's face.

The President began by refusing to understand the meaning of the war. To him it seemed a quarrel to settle economic rivalries between England and Germany. He said to me last September that there were many causes why Germany went to war. He showed a great degree of toleration for Germany ; and he was, during the whole morning that I talked with him, complaining of England. The controversies that we had with England were, of course, mere by-products of the conflict. But to him they seemed as important as the controversy we had with Germany. In the beginning he had made—as far as it was possible—neutrality a positive quality of mind. He would not move from that position.

That was his first error of judgment. And by insisting on this he soothed the people—sat them down in comfortable chairs and said, " Now stay there." He really suppressed speech and thought.

The second error that he made was in thinking that he could play a great part as peacemaker—come and give a blessing to these erring children. This was strong in his hopes and ambitions. There was a condescension in this attitude that was offensive.

He shut himself up with these two ideas and engaged in what he called " thought." The air currents of the world never ventilated his mind.

This inactive position he has kept as long as public sentiment permitted. He seems no longer to regard himself nor to speak as a leader—only as the mouthpiece of public opinion after public opinion has run over him.

He has not breathed a spirit into the people : he has encouraged them to supineness. He is not a leader, but rather a stubborn phrasemaker.

And now events and the aroused people seem to have brought the President to the necessary point of action ; and even now he may act timidly.

Fortunately the event proved that Page's fears for the future were unfounded. No sooner did President Wilson

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decide for war than he defined the issues at stake as no other statesman had done, and threw himself into the task of winning it with energy and zeal. There could be no clearer illustration alike of the power and the limitations of that " single track " mind, which in those years had control over the destinies not only of America, but almost of the world. For two years, despite the accumulating proof of what the Germans stood for, he stood resolutely for neutrality and for peace without victory, because as he said, " the objects which the statesmen of the belligerents on both sides have in mind in this war are virtually the same." Yet almost in an instant this same man not only turned about and presented the complete and crushing analysis of the moral issues at stake, but swept the people of the United States wholeheartedly and practically without dissent into the war, for the very objects expressed in almost the very words which Page had been urging upon him for nearly two years. " Just when," Page asked, " and how, did the President come to see the true nature of the German ? What made him change from Peacemaker to Warmaker " ? And what, later on, made him change from being almost a follower of public opinion, to leading it so strongly as to leave it behind ? These are but two of the many unanswered questions in the great Wilson enigma.

With the entry of the United States into the war, Page's work was really done. Missions of all kinds, military, naval and economic, began to cross the Atlantic, diplomatic controversy ceased, and the American Embassy went back almost to work of routine. Page's health, however, rapidly declined, and in August, 1918, just as it became clear that the victory for which he had longed was in sight through the American help he had fought so hard to secure, he was forced to resign. He left England with almost a national farewell. In all the long and distinguished list of American Ambassadors to England there has never been one so universally beloved, and the tributes of gratitude and

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affection which he received from all classes must have brought him joy and courage as he started on what proved to be his last journey home.

The Life and Letters of Walter H. Page is likely to establish itself as one of the most permanent and most popular books about the Great War. For Page's letters are not only a brilliant inside story of the official world and the great events among which he lived, they contain an idealism and a programme which are bound to gain a steadily greater hold on the thought of the two peoples he served so well. Page's hopes about the early and universal success of democracy seem at the moment to be far from coming true. But his penetration was wonderfully acute. He discerned that without moral leadership there was no hope for any League of Peace. He saw that that leadership must come from the English-speaking world, because there had the most progress been made in practical social reform, self-government, and in applying moral ideas in public life. He saw clearly, too, that in democracy, in social equality, in opportunity and in individual adaptability among the mass of the people, Great Britain was far behind.

What he did not fully see, as few Americans yet recognise, was that the modern British Commonwealth of Nations, with all its limitations, is the product not so much of imperialism or "land hunger," as of that very moral quality in which he felt the President so lacking in the neutral period of the war. He seems never to have quite understood that the spirit which has made Great Britain play, without hesitation, the part of the policeman in each of the four great struggles for human freedom against the continental autocracies in the last four hundred years, the spirit which took the Dominions into the Great War of their own free will directly the Prussian challenge was thrown down, is the invisible force which unites the scattered units of a world-wide commonwealth. Page has said truly that a Briton set free from caste and social

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tradition is an American. It is no less true that an American set free from the tradition of national isolation is in spirit a citizen of the Commonwealth of Nations.

As a letter writer Page can seldom have been equalled and never surpassed. Even his dispatches to the President are a continuous human story of the time, racy, vivid, full of humour, full of enthusiasm for better things, the outpouring of a singularly affectionate and lovable and high-minded nature. They form, indeed, the bulk of a model biography. Mr. Hendrick, indeed, has had the wisdom to let Page tell his life story in his own words. His hero shines forth from its pages like a picture from the wall. It is only when one has finished that one is conscious how well and how unobtrusively his work has been done.

People loved Walter Page because he loved others—great and small, rich and poor—with a constant disarming sympathy. And that quality he kept untarnished through all his life. There is something in the atmosphere of political and diplomatic life which seems to corrupt the truest and straightest of men. Not one in a thousand can enter politics and not become tainted in some way—with the love of power, with cynicism, with corruption in one of its myriad forms. This miasma never touched Page. Nothing mean or sordid or cynical ever entered his mind. His love for what was good and true never lessened. Though the strain of work and anxiety told heavily upon him, his faith never faltered, nor did his spirit fail. He remained to the end a pure-minded Christian gentleman, living amidst the spiritual wickedness that lives in high places, yet unspotted by the world.

THE LEAGUE OF NATIONS

I

THE League of Nations enters upon the fourth year of its existence with the political barometer rapidly falling and with dark clouds, premonitory of future storm, swiftly gathering upon the horizon. It may, then, be convenient to attempt some estimate of its past achievement and present place in the new international order created by the Peace Treaties.

For the League is the child of the Peace Conference. Not only was the Covenant of the League drafted by the negotiators of the treaties, but it serves as a preface to the treaties and is implied in many of their subsequent provisions. It is, perhaps, worth noticing that the League of Nations is cited in more than seventy places in the Treaty of Versailles, and that its agency is invoked for the solution of such difficult international problems as the government of the Saar Valley, the supervision of the relations between Danzig and Poland and the protection of minorities, so that if the League were to cease to exist, some important and, indeed, essential supports of the new European fabric would be withdrawn.

Such an origin brings to the League some elements of strength and others of decided weakness. It is an advantage to the League to have a field of political activity definitely assigned to it from the first in the solemn international engagements which constitute the new Europe. It is, again, an advantage that, quite apart from moral issues,

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repudiation would open so many thorny questions—in the Saar, for instance—that it would not for a moment be thought of by any of the chief signatory Powers. And, finally, it is an advantage that, being the creature of an alliance, cemented by common sufferings, it has been able to work smoothly and in an atmosphere of conciliation during the difficult period of early youth.

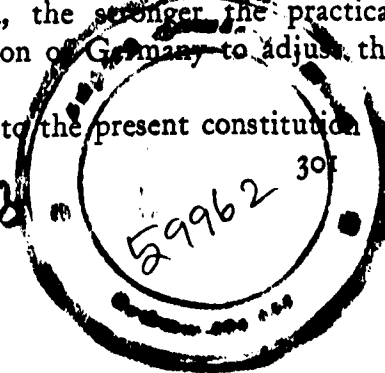
There are, however, grave counteracting disadvantages attaching to the circumstances which surrounded the birth and condition the original activities of the League. An association framed “to promote international co-operation and to achieve international peace,” which is part of a series of stern treaties imposed by the victors upon the vanquished after a long and cruel war, necessarily excites doubts as to its impartiality. In Germany and Russia and Asiatic Turkey the League is generally criticised as an instrument for the execution of Entente policy, and the complaints (dissolved by impartial scrutiny) as to the League’s dealings with the inhabitants of the Saar and Danzig are brought forward in support of this general line of criticism.

Moreover, a Power seeking admission to the League may by a stretch of reasoning be regarded as implicitly confirming the treaties. The argument is captious and pedantic, but was not sparsely employed last summer as furnishing a valid reason against Germany’s accession to the League.

Too much weight must not, however, be attached to these objections. The League has made no difficulty in admitting Austria, Bulgaria and Hungary to its membership, and has recently given a most conspicuous instance of its impartial dealing in connection with the economic revival of Austria. There can be little doubt that Germany will enter the League whenever she feels that her interests will be served by doing so. And the more colour there is in the allegation that the League is partial, the stronger the practical argument is for the admission of Germany to adjust the balance.

A more serious objection to the present constitution of

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the League is the fact that America found herself unable to ratify the Covenant. Now the absence of America from the League is in some respects even more unfortunate than the non-admission of Germany. Had Germany been admitted from the first, there is every reason to fear that the atmosphere of concord which has hitherto so happily distinguished the deliberations of the Council and the Assembly would have been marred by some unpleasant incidents, that the tale of business accomplished would have been diminished, and that the League would have suffered proportionately in public opinion. On the other hand, the active co-operation of America, an impartial Power, not interested in reparations or in territorial aggrandisement, would have been a great support and a source of public confidence which no other circumstances could so adequately provide. From this point of view the withdrawal of America has been a real calamity, though events have proved that the League, even in its present mutilated condition, can and does accomplish valuable international work.

As an antidote to disappointment and overdrawn expectation it is well to remember that more than four years after the armistice the conditions expected by the framers of the Covenant are still unrealised. Neither is the world at peace nor is the League universal. It was never conceived to be part of the function of the League to terminate the war, nor to fix reparation payments, nor to arrange the map of Europe. The idea which underlies the Covenant of the League is that of a universal Association of Nations formed to prevent or render difficult the recurrence of war in a world already at peace. To those, therefore, who point to the present condition of international affairs as a proof of the breakdown of the Covenant there is an easy answer. The League working under conditions far more difficult than those which were originally anticipated has, nevertheless, already made important contributions to international welfare.

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Let it also be remembered that even if it be not yet universal, the League is still the largest and most imposing association of nations of which history has record. It was thought to be, and was, a great thing when a hundred years ago an agreement was made by an interchange of notes between the Governments of Canada and the United States, in virtue of which each of the contracting Powers undertook to refrain from putting warships into the great lakes which intersect their common frontier. That agreement was concluded by two States; and by virtue of it the continent of North America has been relieved of a burden of military preparation which might have led to internecine strife. The Covenant of the League of Nations is an agreement signed and ratified not by two but by fifty-one States, who bind themselves that "if there should arise between them any dispute likely to lead to a rupture, they will submit the matter either to arbitration or to enquiry by the Council, and they agree in no case to resort to war until three months after the award of the arbitrator or the report of the Council." It is this engagement, contained in Article 12 of the Covenant, which is the pith of the document. It does not bind members of the League to abstain from war, it does not profess to make war impossible, but it imposes upon all the signatories the obligation of adopting a dilatory procedure before drawing the sword against each other. To the sceptic who asks what has the League done, it is pertinent to reply that even if the League had attempted no international action of any kind since its foundation, this agreement of fifty-one States to abstain from headlong warfare, before every means of conciliation had been tried, would constitute a remarkable advance towards a better and more rational international order. Had such a covenant existed in 1914, and had Germany and Russia been parties to it, it is difficult to believe that the huge calamity of the great war would not have been averted.

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II

THE League is no super-State. It commands neither fleet, army, nor air force. But it prescribes that all treaties concluded between its members should be open and registered with the Secretariat, and relies in the main upon the instruments of delay and publicity to achieve its purpose. Over non-members, like Russia and Germany and Turkey, it neither exerts nor affects to exert influence; but the sanctions which it can apply in case of a breach of the Covenant by one of its own members are not so contemptible as they are sometimes represented to be. In the first place, it would argue some courage in a Government to defy the opinion of fifty States even if no one of these States were prepared to apply the blockade or to draw the sword. No civilised nation enjoys "moral isolation." No democratic Government fails before long to find out that a course of policy leading to moral isolation does not pay even from the domestic point of view. In a thousand different ways the moral opinion of the world makes itself felt. The money market is not insensitive to it. The exchange falls, purse-strings tighten, a prejudice springs up against the national of the offending State in foreign markets. And even in minor questions upon which the moral opinion of the civilised world is not likely to be excited, no Government cares to come out into the open with a proposal which it is unable to defend upon honourable grounds. From this point of view the procedure of the Council offers valuable guarantees, for if it should appear that agreement cannot be reached owing to the unwavering obstinacy of a single member, it is always open to the other delegates to insist upon a public discussion at which the tactics of obstruction can be deployed in the full view of a critical world. The mere prospect has, it is alleged, been found more than once to expedite busi-

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ness. Should the fear of moral isolation fail to be efficacious, there remains the threat of the application of economic sanctions under Article 16 of the Covenant, which provides that a member of the League resorting to war in disregard of its covenants is, *ipso facto*, deemed to have committed an act of war against all other members of the League. The extent to which each member will, upon due notification of the offence by the Council, take action under this clause will be for that member to determine. The withdrawal of consular agents might be a first step, the severance of commercial intercourse a second, the institution of a blockade by such Powers as are in a position to carry out a blockade a third. Many members might want to take no action at all. What is certain is that the mere knowledge that a Council had been summoned for the purpose of considering whether the economic sanctions of the Covenant were to be enforced would have a deterrent effect. And if it were necessary to proceed further, and the moral opinion behind the League were sufficiently strong to support belligerent action, the armed forces at the disposal of the members of the League are greater than those at the disposition of any single Power, however formidable in wealth and equipment.

In the last resort public opinion is the decisive factor. The League will be as strong as the Governments of the countries admitted to its membership like to make it; and seeing that the Governments in democratic States depend upon the sentiments, wishes and interests of the peoples behind them, and that all the States enrolled in the League are in the enjoyment of free institutions, the future authority of the League will depend upon the degree to which the peoples of the world will be prepared to temper national egoism by larger considerations of international well-being.

Public confidence implies public knowledge. In order that the League should gather strength, it is much to be desired that it should be entrusted with some first-class

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international work every year and that this work should be entrusted to first-class men. It is a matter for consideration how far this condition has been adequately fulfilled.

III

MANY ardent friends of peace in this country would say that the machinery of the League has not been adequately used by the Powers in their endeavour to settle the grave international questions which have arisen since the war. The Supreme Council, it is said, has done too much, the League has been allowed to do too little. The contention is that the League should be the instrument for the transaction of such part of the foreign policy of every country as bears directly or indirectly upon the question of peace or war, that the League, for instance, should have been brought in to prevent the Polish attack upon Russia in January, 1920, and that it could have been probably substituted for the numerous conferences which have endeavoured to settle the question of reparations. It is argued that where the League has been invoked, its intervention has generally succeeded, that it works in an atmosphere of conciliation, and that expressing as it necessarily does the judgment of Powers not immediately interested in the question under review, it is likely to reach a clear and equitable solution.

For the purpose of current international action the League means the Council of the League. This body, as defined by Article 4 of the Covenant, was to consist of the representatives of the Principal Allied and Associated Powers (America, France, Great Britain, Italy, Japan) together with representatives of four other members of the League who in the first instance were to be Belgium, Brazil, Spain and Greece. The four non-permanent members were to be elected by the Assembly from time to time at its discretion, and a provision was inserted enabling

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the Council to be enlarged with the approval of the majority of the Assembly. The scope of action allotted to the Council was practically infinite, but its action was in effect limited by a provision of tremendous importance. Its decisions must be unanimous. As in the ancient constitution of Poland, there is in the Council of the League a *liberum veto*.

Such was the original constitution of the body. It will be observed that it is characterised by three important conditions, the presence of America, the initial preponderance of the Allied and Associated Powers and the rule of unanimity. The refusal of America to take the seat reserved for her upon the Council has, needless to say, profoundly modified the composition of this body, which has been further altered by the recent addition of two non-permanent members. Whether the effectiveness of the Council has been increased by this enlargement is open to doubt, for there is certainly a risk that the larger the Council becomes the less will be the readiness of the Great Powers to entrust it with important business. On the other hand, the addition of fresh members strengthens the hold of the League upon the public opinion of the nations so honoured, and may, should the additional members be men of high intellect and character, bring fresh currents of wholesome doctrine to bear upon the deliberations of the body.

How far is a body so constituted calculated to be an appropriate medium for the transaction of international affairs of the first importance? The drawbacks and difficulties are obvious. The Council contains a number of members who are very faintly interested in the great European problems which vex the world, and does not contain certain countries whose interest in these matters is important and primary.* The distant countries can never, and the neighbouring countries can seldom, be represented

* The composition of the Council as at present constituted is as follows—
Permanent members: France, Britain, Italy, Japan. Non-Permanent members: Belgium, Spain, China, Brazil, Sweden and Uruguay.

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by their prominent statesmen. And, again, capable as is the Secretariat of the League, it can hardly aspire to rival the great Foreign Offices in the wealth of its information. For these and other reasons the greater part of the international business of the world will continue to be transacted through the ordinary diplomatic channels. What advantage could there be in summoning a League Council to transact affairs arising out of the strained relations of two Powers which can normally be settled by correspondence or conversation without reference to an external body? It is only in the exceptional case, affecting peace and tranquillity, that the League can properly be invoked; and even here, as the examination of some recent instances will show, a Council meeting is not always appropriate.

The principal dangers to the tranquillity of the world during the past three years have proceeded from the ambitions of Poland, from the propagandist policy of Soviet Russia, from the determination of the National Assembly at Angora to upset the Treaty of Sèvres, and from the settled determination of France to occupy the Ruhr coalfield in the event of her failing to receive satisfaction in the matter of reparations.

The Polish invasion of Russia in the winter of 1920 was a wild enterprise which ended in well-merited failure. And the question was not unnaturally asked in Parliament, why the League did not step in and prevent it. Could not a special meeting of the Council have been summoned, to which Poland and Russia should have been invited to send representatives, and quite apart from its results would not such a demonstration have been worth making as an indication of the League's real existence and vigilant concern in all matters of peace and war? To these very legitimate queries Mr. Lloyd George supplied an answer which seems conclusive.

The League [he said, on August 16, 1920] cannot operate unless there is unanimity. It is quite clear that the Allies were not all of the same view with regard to Russia and with regard to Poland. It

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is no use attempting to conceal that fact. How would it have benefited matters if we had had these dissensions and differences operating through the League of Nations instead of operating through the Supreme Council? We have done our best through the medium of the Supreme Council to secure some measure of agreement, but we could not have done it more effectively—I am afraid we should have done it less effectively—if the discussion had taken place at the League of Nations. The second objection to that course was the attitude of Russia itself towards the League of Nations. Russia in the first instance declined—she may have had good reasons: that has nothing whatever to do with it—even to receive a deputation from the League of Nations, and when it was proposed that the League of Nations should intervene—not by His Majesty's Government, but when suggestions of that kind were made in Parliament—the Russian Government took cognisance of the fact, and said that under no conditions would they have any intervention under the League of Nations. What is the use under these circumstances of saying, "you cannot promote peace through the Supreme Council. If you had only taken the League of Nations into your confidence and used it there would have been peace and good will." It has no reference to the facts.

The second cause of international unrest has been the certain armaments and uncertain intentions of the Soviet Republic. So long as great Russian armies are reported to be on foot, it is impossible to expect the small States on the Western borders of Russia to settle down to the arts of peace; and had Russia been a member of the League nothing would have been more natural than that the Council should intervene to press for an agreed measure of regional disarmament. Unfortunately the Communist rulers of the Russian Republic will have nothing to do with the League. In their eyes this institution not only embodies the twin vices of nationalism and capitalism but it is also suspect as a machine for French, British and Japanese policies. It is true that Russian medical men have been permitted to attend the Congress of Warsaw which met last year on the invitation of the League to devise measures for the prevention of typhus and cholera: but this very limited and guarded measure of co-operation must not be taken as a sign of any relaxation in the attitude of the Soviet Republic

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towards the League in the matter of public policy. That attitude is still one of uncompromising hostility.

It was therefore inevitable that when Mr. Lloyd George was looking about for a means of tranquillising the apprehensions of Russia's Western neighbours he should have looked elsewhere than to Geneva for the machinery of conciliation. Absurd as it seemed to summon a special conference at Genoa to perform one of the principal functions for which the League of Nations was instituted, there was no other alternative. The representatives of the Soviet would come to Genoa and would not come to Geneva, and however unreasonable and inconvenient their attitude, the situation had to be accepted. The League machinery could not be used because the principal party whose concurrence was desired if a settlement was to be made, declined *ab initio* to have anything to do with it.

A similar outlook confronted the League in the sphere of Near-Eastern policy. The Turks, like the Russians, stand outside the orbit of the League and have never shown any particular desire to belong to an institution which they believe to be governed by British interests. Moreover, the fact that the League has taken a particularly forward line in Armenian policy was not calculated to commend it to Mustapha Kemal. It is no matter for surprise that no proposal was received from Turkish quarters that the League should intervene to silence the guns in Asia Minor.

Lord Curzon's proposal the other day that the Mosul question should be referred to the League for settlement was also rejected by the Turkish delegates, who would have preferred to leave the matter over for a year or so and then that it should be settled by a direct arrangement between Great Britain and Turkey apart.

Thirdly, there is the Franco-German crisis. Its economic and its political side are dealt with elsewhere in this number. It directly concerns the League of Nations, and though the League is still imperfect, inasmuch as many great nations, including Germany, stand outside it, its popular estimation

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will be greatly affected by the manner in which it faces this serious international crisis. It is not enough that it has proved its utility in a host of less important matters.

Action of some kind to safeguard the peace of nations in this crisis will be looked for, or, failing that, reasons to justify passivity. Article 11* of the Covenant of the League, indeed, makes such action obligatory whenever there is war or a threat of war. What, then, has hitherto been the attitude of the League? First, to take the questions which have led up to the existing crisis. Even before the French went to the Ruhr it was often argued that the League or some body representing a wider circle of Powers than those immediately interested should take up the question of reparations and inter-allied debts. They represented an issue in which members of the League were primarily involved, but affecting a far wider range of interests than those of the prospective recipients of reparation payments, for there is not a market in the world which has not in some way felt the disturbing force of inflated currencies, unsettled exchanges and depressed industry, all in part attributable to the long delay in arriving at a moderate, equitable and agreed solution of this difficult problem. On the other hand, there were two important arguments against the submission of reparations to the League. The first was that, under the terms of the Treaty of Versailles, the settlement of the sums to be paid by Germany, and of the mode by which those sums were to be paid, was left to a body specially set up for the purpose, entitled the Reparations Commission. To displace this body in favour of the League would have been a departure from the procedure indicated by the Treaty of Versailles, and there was a natural reluctance on the part of the signatory Powers, and especially on the part of France, to adopt such a course. The second objection was, from the point of view of the friends of the League, even weightier. It

* Article 17 prescribes the action that the League shall take in case of a dispute between a member of the League and a non-member.

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was that if the League were invoked to carry out the penal clauses of the Treaties, it could not avoid incurring the odium of those at whose expense the award was made. However impartial might be its investigation, however lenient its decision might seem originally to be in the eyes of a public which had been taught to expect worse things, as time went on it would inevitably seem to be oppressive.

Still, in a great cause risks must sometimes be taken. At the meeting of the Third Assembly at Geneva, last September, a suggestion was thrown out and embodied in a resolution that the Council, if approached by the signatory Governments, should be willing to assist in the solution of the problems of reparations and inter-allied debts. There was a general sentiment that a settlement must be made without delay and that if the signatory Powers were unable to make it, then the Council of the League should in the last resort be invoked. Since the Assembly passed its resolution none of the signatory Governments have approached the League and there seems little prospect in the immediate future of their doing so. The threat, moreover, has now been translated into action. The French have occupied the Ruhr and certain railway junctions in the State of Baden, and martial law is rigorously enforced in the newly occupied district. The French maintain that their action has been taken under the Treaty in the exercise of authorised sanctions and that it does not constitute war. The Germans—and many other people support their view—contend that the French advance amounts to war and that the Treaty has been broken. Their disarmament prevents armed opposition, but the Berlin Government has organised resistance with such means as it has at its disposal, and the situation becomes more intense with every day that passes.

What, then, is to be the policy of the League in face of this new situation? A meeting of the Council has just taken place in Paris. At this meeting it was, it appears, the intention of M. Branting, the Swedish representative, to

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raise the question of mediation. What actually happened has not been made public. M. Branting had a long interview with M. Poincaré, but does not seem to have got much satisfaction. The League subsequently discussed the matter, but behind closed doors, and hitherto no further development has taken place. It was, however, apparently felt that no action could with advantage be taken unless the Council were unanimous, and as long as France remains opposed to mediation such unanimity is out of the question. As has already been mentioned, moreover, no action can be taken by the Council unless such unanimity exists. Clearly, therefore, action of any kind is impossible at the moment. The League's reputation, however, is likely to be affected by its attitude on this question, and it should not, in our opinion, rest content with simply letting the matter drop. A resolution in favour of mediation should be moved. The responsibility of openly opposing it would then directly rest upon France if she desires to take this course.*

IV

IF the League has not been called upon to solve all the grave international problems of the time, it has by common consent accomplished a tale of valuable international work, much of which could never have been carried through without its agency. It settled the long dispute between Sweden and Finland over the Åland Islands, the Finns being willing to make concessions to the Council of the League which they could not, out of national pride, have made to Sweden. Though it was unable to bring Poland

* An amendment to the Address to be moved in Parliament by the Rt. Hon. H. A. L. Fisher, one of the British representatives on the Council of the League, will, we understand, urge the appointment by the Council of the League of Nations of a commission of experts to report upon the capacity of Germany to pay reparations and the sending of an invitation to the American Government to appoint experts to serve upon such a commission.

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and Lithuania to an agreement, it has been successful in arresting military operations between the two countries. The Silesian award has undoubtedly prejudiced the German people against the League. When it was made public it was regarded by them as a great national calamity. Flags were flown half-mast high, the League was overwhelmed with abuse, and public opinion was so violently excited that when Dr. Wirth's Government was pressed last summer to apply for admission to the League it was afraid to recommend a course so distasteful to the German nation. Whatever view, however, is taken of its merits or demerits, it can at least be claimed that this award has, for the time being at all events, settled a question that the Great Powers had found intractable, and, although time alone can show whether its scheme will last, it has hitherto worked in spite of the predictions of the critics. And again, it was through the intervention of the League that a little war was arrested in its earliest stages in the Northern part of Albania.

The settlement of this last dispute deserves a word of special comment, not by reason of its intrinsic importance—though little Balkan wars have an uncomfortable habit of spreading—but because it illustrates in a very remarkable manner the importance to the peace of the world of the existence of a permanent machine for international conference governed by permanent and established laws. It is not our purpose here to distribute praise and blame. The undisputed facts are that news was received one day in London that Serb troops had crossed the Albanian frontier, and that certain villages had been fired; that as the result of this news Mr. Lloyd George telegraphed to the Secretary-General at Geneva to ask for a special meeting of the Council of the League to consider the application of Article 16 of the Covenant (which provides for the severance of economic intercourse in cases where the Covenant is violated) to the threatening State; and that in less than a week after the despatch of the telegram

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a Council met in Paris, heard the delegates of the two countries concerned, and had the satisfaction of reconciling the dispute. The incident shows how rapidly the League can get to work, if an emergency arises, and how powerful are the economic sanctions at its disposal. The mere publication of the British Prime Minister's telegram was sufficient to cause a fall in the Serbian exchange.

· Lastly, although the Turkish question was not referred to the League, it was proposed, in the draft Treaty, embodying the Allies' maximum of concessions, submitted to the Turks at Lausanne, to make a remarkable use of it. The draft Treaty is set out on another page.* It will be seen, for instance, that the supervision of the observance of the rights of the Minorities, the receiving of the yearly report of the proposed International Straits Commission, the selection of the means by which the demilitarised zones were to be protected by the Allies, and the passage through the Straits kept free, were to have been left to the Council of the League. Candidates for membership of the Sanitary Straits Commission were, moreover, to have been nominated by the League's Health Committee. The League was also to nominate three neutral representatives to sit on the proposed Mixed Commission of Greeks and Turks who were to control the exchange of Moslem and Christian populations between Greece and Turkey. Finally, there is the proposal to refer the Mosul question to the League, which in spite of the Turkish objection remains in the draft.

* See page 347.

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V

“ I AM one of those,” said Mr. Balfour (June 17, 1920), “ who think that if the League, acting as the organ of the Peace Conference, fails in its endeavours to promote a diminution of armaments, much of its utility will be gone, and we shall have to admit that so far it has failed to carry out the high expectations which most of us think we are justified in entertaining as regards its future activities.” Most people would endorse this opinion. They would say that if the League is successful in bringing about a reduction in armaments it has justified its existence, and that if it should fail in this object, then the world is, indeed, faced by a tragic prospect. There is, indeed, no branch of the League’s activities which is watched more anxiously or more closely than that which relates to the reduction of armaments.

So far, though the Economic Conference in Brussels stated in impressive terms the absolute necessity for a reduction in the land armaments of Europe as a condition of financial and industrial recovery, nothing effectual has been done. There have been edifying debates in the Assembly and in the sixth Commission of the Assembly. There have been committees and enquiries and reports, but it is difficult to trace any positive result to all this strenuous and fervent labour. It is stated that there are more men under arms now in Europe than in 1913, and this despite the fact that Germany, Austria, Hungary and Bohemia have been forbidden conscription and limited to voluntary armies of a size only just sufficient to maintain internal order. The only great achievement in the sphere of the limitation of armaments since the guns ceased firing in November, 1918, has been accomplished, not at Geneva, but in Washington. The limitation of the naval armaments of the Great Powers by the Washington Conference will,

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when the arrangement has been ratified, confer a great benefit on the world ; but the achievement does not belong to the League, though it is unlikely that President Harding would have summoned a conference in Washington had President Wilson’s League not been already called into existence. The real obstacle to disarmament on the continent of Europe is constituted by the fears of France. There are minor impediments, but this is the principal difficulty. France wants a large army, partly because she fears a German revenge, partly because she has long felt that she might be called upon to use troops to enforce her claim to reparations, and partly because she regards herself as the warden of the Treaties which may at any moment be assailed by the incalculable force of Soviet Russia. There is, too, mingled with these apprehensions, rational and irrational, a vein of imperialist feeling in France, as indeed there is in most countries, which has been stimulated by victory and is sustained by the force and prestige of the army chiefs. Moreover, the Chamber, elected under the empire of the war mind, is doubtless less pacific in temperament than the mass of the population. In fine, it is the general sense of the politically-minded class in France that sweeping military reductions would be imprudent, and it is the less difficult to commend that view to the taxpayer seeing that a considerable portion of the French army is quartered on German territory at German expense.

Nevertheless, though no positive result has been achieved as yet, the labours of the temporary mixed commission on armaments and the discussions of the sixth commission of the Assembly have served to elucidate the whole problem and to clear the ground for action. Under the impulsion of Lord Robert Cecil, the third Assembly recognised that many Governments could not effect a serious reduction in armaments without receiving in exchange a satisfactory guarantee for their security. They proceeded to observe that such a guarantee might be supplied either by a general treaty or by means of partial

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treaties designed to be extended and open to all countries. And it was an essential part of the scheme that the treaty which they had in contemplation would only come into force upon the execution of an agreed plan of reduction of armaments proportionate in each case to the guarantees offered. -

The plan has been referred back to the temporary mixed commission for further study and examination, and when the Assembly meets again next September it is to be anticipated that a draft treaty of guarantees, coupled with a disarmament schedule, will be placed before it for consideration.

Whether the temperature of Europe will be cool enough next September to enable a general treaty of guarantees to be seriously considered, or whether a special treaty of guarantee to which France is a party will still be possible or advisable remains to be seen. The whole prospect of guarantee treaties is repugnant to many of the smaller States. Norway and Sweden ask themselves whether they are expected to defend Finland against Russia; the Netherlands whether they may be called to furnish troops either to France or to Germany. In general, the small States shrink from a system of military guarantees, and prefer regional arrangements without guarantees. And there is always the uncertainty attaching to the attitude of Russia, whose armaments, even though unsupported by locomotives, continue to spread a special anxiety among her neighbours. The attitude of France towards any scheme involving either a general or a special treaty would primarily depend upon the degree of military support which in certain eventualities she could expect from Great Britain. She would be unlikely to undertake a serious measure of disarmament without a serious guarantee. She would, indeed, expect to know how many divisions Great Britain would be prepared to contribute, and within what limit of time after the declaration of war, in order that she might adjust her arrangements accordingly. A treaty of guarantee under a

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League of Nations scheme, even a special one, would no doubt be a different thing to an exclusive pact between Great Britain and France. Such a pact would be unlikely to find the necessary degree of support in this country. But even a guarantee under a League of Nations scheme would involve considerations of a far-reaching character; and at the present moment no one can predict the view that Great Britain or the Empire would take next autumn; much will depend upon what happens between now and then.

Sudden revulsions of feeling are always possible in France; but when September comes the French General Staff would in any case probably advise that no guarantee offered by the League or by Great Britain is equivalent to the security of a continued French occupation of the Ruhr valley.

Failing a general treaty of guarantee, it should be possible to arrange for a regional agreement for the reduction of armaments in the Balkans. The re-entry of Turkey into Europe at once raises the question of the Bulgarian army, which, even with the recently sanctioned addition, is now below the safety line; and if the Bulgarian army is to be reconsidered, the whole question of the adjustment of the military forces of the Balkan States, including Turkey, should she be admitted to the League, should be examined with a view to a regional reduction on an agreed scale. If such a project could be carried through, the League of Nations would have accomplished an important part of its great task.

Meanwhile there is no reason why progress should not be made with the Assembly's project for an international conference for the purpose of considering the extension of the principles of the Washington Treaty on the limitation of naval armaments to the non-signatory States. It is easier to reduce navies than to limit the strength of land armies, and though the case of new States like Poland may present some difficulty, it should not be difficult to reach an agreement which will afford a sensible measure of

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financial relief to the countries concerned. Before, however, progress is made in this direction France and Italy must ratify the Treaty of Washington, and Turkey must come to terms with Greece. In two other important directions no advance can be made without the co-operation of America. The Covenant expressly alludes to the "grave objections" to which the manufacture by private enterprise of the munitions and implements of war is open. It is, however, clear that no scheme for the control of the private manufacture of armaments in Europe can be accepted, unless it is also adopted by the United States. If restrictions are imposed upon the armament manufacturers in one country they must be imposed all round. And a similar observation applies to any plan for the control of the international trade in arms. Here too the concurrent action of America is essential. It is not of course a necessary condition of such action that America should join the League; but it is necessary that she should consent to attend the international conference which the League has in contemplation for the consideration of these two serious though subordinate aspects of the armament problem.

VI

AMONG the recent achievements of the League none is more striking than its plan for the financial restoration of Austria. The conditions which prevailed in that country last autumn have already been described in *THE ROUND TABLE*.^{*} It was freely said by men whose opinion counts as weighty in financial circles that Austria was doomed, that a State bounded by such narrow confines, weighted with so huge a capital and surrounded by such hostile neighbours, could not maintain its existence. To capitulate to such a feeling of despair would have indeed been a bankruptcy of statesmanship. The first essential was that the budget should be balanced. No permanent relief was

^{*} *THE ROUND TABLE*, No. 48, September, 1922, p. 735.

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possible until the currency was stabilised. This, however, was a task transcending Austria's unaided powers and only to be accomplished by the help of foreign credits. But before such credits could be obtained two conditions had to be satisfied. It was necessary that the Allied and Associated Governments should release their liens on Austrian assets and that the lending Powers should have some adequate security that the Austrian Government would put its financial house in order. The first of these conditions was not difficult to realise, though the necessity imposed by the American constitution for an Act of Congress interposed an unfortunate period of delay during which the situation deteriorated and became more difficult to remedy. Eventually, however, America released her liens and the stage was set for the realisation of the second essential through the intervention of the League.

The general characteristics of the scheme, which has now received the necessary sanction of the Austrian Parliament, afford a remarkable instance of the value of the League machinery in the settlement of a complex question affecting the moral credit of Europe and in varying degrees the material interests of all the European nations. It was calculated in the first place that credits to the amount of 650 million gold crowns (roughly £27,000) would be required to enable Austria to balance her budget within a period of two years; but how was this money to be obtained? How was the financial world to be tempted to lend to a country which in the language of the League's economic committee had "for three years been living largely upon public and private loans, which have voluntarily and involuntarily become gifts, upon private charity, and upon loans of foreign speculators in the crown?" Only by the lure of adequate guarantees, and it is accordingly in the definition of these guarantees that the interest of the League's scheme principally consists.

The first point to be secured was that France, Italy, Czecho-Slovakia and Great Britain should guarantee,

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roughly speaking, four-fifths of the sum required, and that the guaranteeing Powers should be represented by a committee of control which should have the right to be informed with respect to the administration of the revenues assigned as security, and to suggest changes and improvements calculated to increase their productivity. The committee of control, which is to meet from time to time, preferably at Geneva, is established to safeguard the interests of the lender, but in order to obviate the suspicion that in establishing such a committee the principal guaranteeing nations were seeking to advance their selfish interests, they signed a remarkable declaration—to which the main guaranteeing nations will doubtless adhere—that they would respect the political independence, the territorial integrity and sovereignty of Austria, and would not seek to secure any special or exclusive economic or financial advantage calculated to compromise that independence. The last thing desired was a money-lender's control of Austrian politics. There followed a requirement that the Austrian Government should name in conjunction with a Commissioner General to be approved by the League a programme of reforms calculated to ensure budget equilibrium by the end of 1924, and that it should be empowered by the Austrian Parliament to take such measures as might be necessary to that end. A further provision was that a bank of issue should be established and that the issue of uncovered notes by the Austrian Government should cease. Lastly, the Austrian Government was required to issue Treasury Bills partly on the security of the tobacco monopoly and the customs to cover the deficit in the budget to the end of the year. The solution, in a word, was that Austria should submit to a system of control and a programme of retrenchment and reform, and that in return she should receive credits to enable her to stabilise her currency and balance her budget.

A good start has been made. The budget deficit has been reduced since October 1 by one million gold crowns.

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The flight of capital has been stopped. Expatriated capital has been returning. The Government has succeeded in obtaining real loans and in enlarging its revenues. The cost of living has decreased. "The cessation of inflation," says *The Times* of January 23, 1923, "has given remarkable stability to the Austrian exchange." It is, however, impossible at this moment to predict success for the League's scheme. The difficulties that would in any case have militated against it are great. Much would depend upon the possibility of a customs and commercial agreement between Austria and the Succession States. But there is now an extraordinary obstacle to success. One of the factors that were always bound to react upon the fortunes of Austria was the condition of Germany, and since the League's plan was set in hand, the French have entered the Ruhr with results that are described elsewhere in this number.

As this article goes to Press a gloomy future confronts Central Europe. If, however, the League's scheme fails, it is safe to assert that no plan for the economic requirements of the present republic of Austria will succeed.

What is especially important about the Austrian scheme is the value of the precedent. If the League can produce a scheme of this kind for Austria, which commends itself to the financial world as an honest, intelligent and prudent attempt to reconstruct the prosperity of a derelict State, why should not its agency be extended to other spheres? There are other States in Europe which need economic medicines of the right kind administered by intelligent and scientific practitioners. There is Albania, which already asks for financial advice from the League. There is Greece, which as a consequence of recent happenings is in a position hardly less enviable than the Austrian Republic. Finally, though her conditions are entirely different from those of Austria and call for different remedies, there is Germany herself. While it is clearly advisable to proceed with caution, and to avoid placing upon the League at the

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present stage of its development a greater burden of work than it can be reasonably expected to bear, it is clear that in the present condition of world commerce and finance, an international agency, armed with the best expert advice, has a great rôle to play. It is for the Council of the League therefore seriously to consider whether it is now sufficiently equipped with that large supply of highly qualified expert counsel in the sphere of currency, finance and economics which the present situation of the world seems to require.

VII

THE building up of an international mind is a slow, painful and terribly disappointing process. Just when a little progress seems to be realised, temper and patience break down in some quarter, and much of the ground which has been gained with such difficulty becomes suddenly lost. The French occupation of the Ruhr, with its consequences, both moral and economic, for Germany does not make the task of the League more easy and greatly aggravates the chances of serious European complications in the future. Nevertheless, humanity will be slow to abandon the hope of a better international order. The dream of a federal state of Europe floats before many German minds, and in every country affected by the recent war there is a powerful body of opinion enlisted on the side of peace and prepared to work for international goodwill. There are people who think that the League would be the better for constitutional amendments which there is no space to discuss here.* But

* Article 10 of the Covenant of the League makes its members undertake to respect and preserve as against external aggression the territorial and existing political independence of all members of the League. The Canadian delegate last September presented two proposed amendments. The first specifies that in having recourse to Article 10 the political and geographical position of the States concerned should be taken into account. The second provides that no member of the League shall be obliged to engage in any act of war without the authority of its parliament. Members of the League have been invited by the Council to send their views on these proposals to the secretariat before June 1.

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even those who are against amending the constitution would for the most part be ready to go far in that direction to satisfy the doubts that keep out America. Better an imperfect League that is universal than a complete one that is only partial. But whatever the organic defects or merits of the League, its solid achievements in the sphere of political, as well as in that of humanitarian and economic, work have only to be more generally known to commend it to the mind of peace-loving people all over the world as the agency best adapted to avert the recurrence of war and to improve the general standard of international life; but there is no doubt as to where the danger lies, and there is no doubt that the danger is great. The feeling between France and Germany has never been more bitter than it is at present, and though a renewal of war in the immediate future is for material reasons unthinkable, a temper has been generated among the rising generation in Germany which, unless strong countervailing influence can be brought to bear upon it, will breed certain trouble for the peace of Europe in future generations. All the greater the necessity for the spread of the League's influence and authority. To this end nothing could be more effectual than a closer association of America with the work of the League and with the affairs of Europe. If the value of the League as an instrument for composing old-established quarrels is great, its value in averting quarrels before they arise, though less sensational, may prove to be even greater. For its Conferences at regular intervals allow grievances to be ventilated in their early stages and differences to be discussed before they have gone too far.

To the British Empire, which has everything to lose by the outbreak of a new war, the promotion of an institution framed to smooth away the more serious international difficulties before they endanger peace is a political interest of the first order. Our Empire has nothing to fear from the publicity of the League. It can submit the administration of its mandated territories to the inspection of the

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Mandates Commission without misgiving and in full confidence that the principles upon which it proceeds will commend themselves to the civilised conscience of the world. The insurance premium is low. Spread over about fifty-one States it amounts to about one-seventh of the cost of a first-class battleship. For this derisory sum the world has now an instrument which, if loyally and intelligently employed—and the strain on the loyalty of its members will increase as the business referred to the League becomes more important—will produce in the shape either of quarrels averted or composed, or of armaments reduced, or of diseases arrested, or of derelict States restored to financial equilibrium, or of Labour aspirations guided along wise and practical channels, a rich and enduring harvest of well-being.

AMERICA AND EXTERNAL AFFAIRS

TWO distinguished visitors have recently come to the United States. Clemenceau spoke to the East and to the Middle West as a Frenchman inarticulately eager to translate French policy into terms acceptable to the critical ear of the American people. He came with the declared object of leading the United States back into the concert of Europe. He made a splendid effort, but he failed. And such is the way of the Press in these matters, that he will be long remembered as a patriotic old warrior who spoke English passably well, rose at four o'clock in the morning, ate six eggs at breakfast, and larded his interviews with sly references to the charm of American women. He excited great interest in his own personality—he aroused little or none in the cause of France. Those who heard him were curious, attentive—and unmoved. So he sailed away, and his place was filled by Coué, with a theory and a technique better calculated to improve the body of American opinion than the violent massage practised by Clemenceau. A gigantic standing army? “Ça passe.” The invasion of the Ruhr? “Ça passe, ça passe.” The breakdown of European civilisation? “Ça passe aussi!”

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SINCE the Treaty of Versailles came into effect, and more especially since the Washington Conference, American opinion has been drifting away from the side of France. This may be an obvious matter of geography, it may be a less obvious matter of psychology—it is a common thing for a man to ease his own conscience by shifting the responsibility to someone else's shoulders, and he generally does it with a good deal of self-righteousness. But no small measure of the blame may be laid squarely on the steps of the Elysée and the Quai d'Orsay. France has not yet ratified the Washington Naval Treaty. She has used troops on the Rhine whose exact shade of blackness has been the object matter of immaterial bickering; she is believed to have given official and unofficial encouragement to the Turk in the Near East, and she supports eight hundred thousand men under arms. France may not have rightly reckoned that these four points in her policy would successively offend the national pride, the racial prejudices, the religious convictions, and the international ideals of a majority of Americans.

Her fear of Germany's power, her declining birthrate, her rightful claim to reparations, her still shell-shocked state of mind—"Comprendre c'est tout pardonner," said her warmest friends. But pardoning unction had been squeezed out of these formulas before the occupation of the Ruhr took place. Moreover, there is a disposition in the United States to put the war out of mind. President Harding's "return to normalcy" may well be the expression of a hope rather than the announcement of a fact. It's nevertheless a hope, whereas each successive manifestation of French policy seems to look back to the war for its justification and to be destructive in its consequences. Granted the legality of the Ruhr invasion, granted the abstract

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justice of France's attitude, granted the provocation, people are asking one another whether this is a wise step in the interest of international peace, and even in the interest of France herself, and the answer is emphatically against it. This is not merely the irresponsible opinion of publicists—witness the fall of the franc to new low levels and the depreciation of French Government bonds on the exchange.

It will not be many weeks until France's inability to meet her American debt is openly admitted, and this admission will not improve the situation.

On the other hand, the course of negotiations for funding the British debt stands out in marked contrast to the trend of French policy. There were, to be sure, conditions predisposing towards success. The political settlement of the Irish question and the attitude of the British delegate at Lausanne had won general approval. Bonar Law's dignified withdrawal from the Paris Conference, on grounds in measurable agreement with American opinion, to a position of detachment from active Continental politics, showed an approximation of the official points of view of the two countries. As for the British Debt Commission, they came inconspicuously to Washington, went about their task in quiet businesslike fashion, won the confidence and esteem of the Press, and showed due regard for American curiosity without losing sight of the delicate nature of their mission. Working in a singularly congenial atmosphere, the British and American groups sought to remove the argument from the sphere of emotional nationalism, and discussed their differences as debtor and creditor. As is known, the American Commission was precluded by Congressional legislation from accepting less than $4\frac{1}{2}$ per cent. interest plus an agreement to pay off the entire debt in twenty-five years' time. It is assumed that the British delegates claimed that these terms were unduly harsh and beyond the capacity of the British Treasury. It is apparent that the American representatives were convinced

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of the justice of this view, for the two groups reached common ground in a working compromise.

The final American "counter proposal" to an undisclosed British offer called for an interest rate of 3 per cent. for the first ten years and $3\frac{1}{2}$ per cent. thereafter, with provision for extinguishing the whole debt in sixty-two years. Arrangements were also made for stated annual payments, and an amortization rate of half of 1 per cent., in addition to the yearly payments on the principal. The yearly payments, it was stipulated, should increase as the amount of interest money payable on outstanding principal decreased. Though representing substantial concessions from the conditions originally laid down by Congress, these terms were apparently higher than the British Commission were authorised to accept, and the conclusion must wait upon ratification in principle by the British Cabinet and the American Congress. So far as action by the United States is concerned, it was stated on January 26, at the White House, that a mutually satisfactory basis of settlement had been virtually agreed upon, that the approval of the British Government was confidently expected, and that the consent of the American Congress had been virtually assured. It was added that during the course of negotiations various objections coming from the capital had been heard and deferred to, and that a definitive arrangement ought to be struck before March 4, thus avoiding an extra session of Congress.

On the evening of January 27 the American Press carried a full account of Mr. Stanley Baldwin's first interview after his arrival in England. Perhaps from this distance it is hard for Americans to understand that other Governments than their own have difficulties to cope with, and that British opinion as well as that of the United States has to be groomed for a compromise. Perhaps for these reasons it was essential to picture the American Senate in the rôle of harsh creditor—"a majority of whose members come from the agricultural and pastoral communities and

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do not realise the existing position with regard to the meaning of the international debt." Perhaps it is clarifying abroad to distinguish between the East and the West: "They have men of our way of thinking in the Eastern States, but that does not cut any ice at all with regard to the other parts of America. . . . The people in the West merely sell wheat and hogs and other produce, and take no further interest in connection with the international debt or international trade." Perhaps it is necessary to distinguish between the businesslike Executive on the one hand and the "politicians" on the other, and to draw attention to the fact that the Executive have to "endeavour to force anything of this sort through Congress." But was it essential to point out that executive success will mean that Congress will have to "eat its own legislation"?

The greater part of the Baldwin statement is logical, convincing and couched in the friendliest of terms. The questionable passages are few and far between, and contain so much truth that for any one to object to them seems like captious sensitiveness. It may be thought unjust to fix upon these few sentences as representative of the whole interview. Unjust it is, but that fact will prove no obstacle to every element in the United States which makes capital out of anti-British prejudice. The present article cannot be delayed in order to review the editorial comment that is sure to follow, nor can it estimate the probable effect of the scattered remarks upon the attitude of a Congress that is sufficiently at odds with the Executive already. But there is at least time to express the hope that the patient, masterly work done by the two Commissions in Washington, though endangered, will not be undone by a few chance sentences on the dock at Southampton.

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II

IS it a perverse expression of human nature—or of American nature—to feel that Mr. Baldwin's statements were dangerously unwise and yet to enlarge upon the great measure of truth which they contain? Certainly if one lives in the East he must repeatedly remind himself that he is a member of a community whose views are moulded, perhaps unconsciously, by the opinion of Eastern business men. The editorials of the *New York Times*, the *World*, the *Evening Post* and the *Globe*, the cartoons of the *Tribune*, and even the violent judgments of the Hearst organs, might seem to denote a nation-wide concern in European affairs, and the strong conviction that the Administration ought to intervene at once in the European *imbroglio*. One is equally apt to over-estimate the ability of liberal Eastern weeklies to interpret opinion and their influence in shaping it. For New York is three thousand miles nearer to the Ruhr than San Francisco; and the amount of interest in foreign news decreases in almost direct relation to the distance from Essen. These are bad times in the grain belt. They stand to lose heavily on the last wheat crop. Over and above this they discuss prohibition and the Ku-Klux-Klan, divide into factions over the "heretical" preaching of Percy Stickney Grant and Harry Emerson Fosdick, and bestow their best maledictions on "Wall Street," that invisible source of all evil.

If they sometimes think that Europe has gone mad, surely this view is not exclusively their own, nor is Colonel Harvey's statement that "the United States is damned well out of the whole mess" unique for its brutal provincialism. The following passage from a personal letter written by an Englishman exceptionally well versed in international matters may be of interest in this connection:—

You will see that England has become a European America, that

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is to say, we have isolated ourselves with dignity and decisiveness from the various groups of political hucksters who control the affairs of the Continent. Europe has no problems, she has only a series of messes, which were problems three years ago. They can only be cured up by all the countries acting together. One wants to use a broom, another a cloth, and a third a spade; and because they cannot agree upon the instruments, the mess is not cleared up at all. In addition to this, while quarrelling among themselves, they are agreed upon one thing—that Germany should be allowed no cleaning instrument at all. If your country had jumped in with both feet three years ago and acted the heavy father it might have compelled them to see sense. Now it is too late, and, in my opinion, you would do well to keep out of Europe and let it go to hell.

Yet this is not the view of the Middle West, nor of the Far West, nor of any considerable section of the United States. The popular response for European relief is still surprisingly generous. The Hoover unit is continuing its work in Russia regardless of the bad faith of the Russian authorities in allowing the export of their own wheat from Odessa. Austrian relief has been extended for an additional year in spite of a once rigid determination to close the work last June. And if, by an ironic turn of events, it should prove necessary to contribute to relieve starvation in Germany, there might be bitter criticism and impatient grumbling, but the burden would be shouldered. The humanitarian side of American character needs no quickening: but the education of one hundred and ten million people in international affairs and finance is sorely lacking. The cotton grower of the South, and the wheat grower of the Dakotas, have been told, but do not keenly comprehend, the fact that their prosperity depends upon the disposition of their exportable surplus in European markets, and that the absorptive power of these markets depends upon conditions which can be improved perhaps only by the political intervention of the United States. It has not been suggested to the man in the street that the apparent sudden rise of the pound sterling against the dollar may represent a depreciation of the commodity value of the dollar itself owing to unprecedented quantities of gold

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which have accumulated in this country since the armistice. There has been little mention, outside professional critics, of the irreparable blow dealt to human progress by these years of interruption in the work of European scientists and scholars. And one can look in vain for intelligent consideration of the duties, if any, owed by the democracy of the United States toward the old and new democracies abroad.

The staunchest supporters of the Administration claim that officials in Washington are keenly and unremittingly interested in events in Europe; that the Administration stands ready to "help"—not only by irresponsible advice, but also by joining an economic conference at the first moment that there is even a fair prospect of its success; that the President and his Cabinet believe that nothing can be done at this juncture, and that nothing could have been done to forestall France's march into the Ruhr; that Hughes' approaches to the French Government, through Ambassador Jusserand, were conciliatory and helpful; and that unless Poincaré had been determined upon the Ruhr expedition the overtures would have resulted in a constructive conference. In the present circumstances the only course is to let France discover that her policy will lead to nothing "productive," and though it may bring further calamities in its train, and indefinitely postpone an economic settlement, the hands of the United States are tied until French people realise that reparations gold is not in Bochum, but at the rainbow's end. Meanwhile, it is said, nothing should be done to antagonise France. Firm opposition to her conduct will accomplish no tangible good; it might lead her to further excesses and impair the influence of the United States at the eventual settlement. Moreover, it would put the Washington Naval Treaty in jeopardy, and might possibly destroy one achievement in the progress of international relations for the sake of gaining problematical and temporary stability in Europe.

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This reasoned argument may be pure fact or it may be pure fancy. The important thing is that no one outside the most intimate circle of the Administration knows whether it is true or not. As a consequence, Congress, the pulpit, and the Press are beginning to batter at the door of the inner temple. They learn that American troops were recalled from the Rhine because it was "expedient." They discover that Senator Borah was asked to withdraw his resolution calling for an economic conference because it would be inopportune and would conflict with certain conversations—negotiations—feelers, put out by the Department of State. If Roland Boyden spoke unofficially at the last meeting of the Reparations Commission prior to the Ruhr invasion, and his statements have neither official weight nor sanction, why cannot these private and unofficial remarks be made public? We can learn nothing from Hughes, they say, he has become irritable and uncommunicative. We can learn nothing from Harvey; he comes and goes wrapped in a cloud of secrecy that is almost Homeric in its success. Surely Woodrow Wilson, in all his mystery, was not arrayed like one of these.

III

FAILURE to educate the people in international affairs, failure to destroy suspicion and speculation by frankness, and failure in leadership—these are the imponderables which sit upon the back of the Administration and add weight to an intrinsically heavy burden. There must be consternation in the household of King Log at the news that some of his restless subjects are beginning to speak of the masterful way in which King Stork used to govern. Yet there seems to be no one at Washington capable of meeting this growing criticism by taking up the reins of control. There is no occasion to look to the President for

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leadership. He was nominated in the expectation that he would not assert himself unduly. By his own past record as Senator and by his pre-election professions, he wrote himself down as a manageable Executive—or, more accurately, as a President who would respect the determination of the Senate to exercise a greater measure of control over foreign affairs, and as one who would go far to preserve harmony within the ranks of his own followers. To be sure, his impulses are generous: let the words of his acceptance speech of 1920 be the best witness of his intentions:—

Let us find the big, practical, unselfish way to do our part, neither covetous because of ambition nor hesitant through fear, but ready to serve ourselves, humanity and God. With a Senate advising as the Constitution contemplates, I would hopefully approach the nations of Europe and of the earth, proposing that understanding which makes us a willing participant in the consecration of nations to a new relationship, to commit the moral forces of the world, America included, to peace and international justice, still leaving America free, independent and self-reliant, but offering friendship to all the world.

And let the conduct of foreign affairs by the Harding Administration since March 4, 1921, be the best witness of a tragic failure to put these intentions into practice.

Except for his unexpectedly courageous veto of the Soldiers' Bonus Bill, President Harding has run true to expectations. It is less easy to explain the record of his Secretary of State. One thinks first of Charles Evans Hughes, a fearless Governor of New York; then of Mr. Justice Hughes of the Supreme Court. In both these capacities he assumed responsibility and discharged it with conspicuous success. Then, in the search for light on his negative record in the State Department, it is helpfully remembered that he once was nominated by the Republican Party for President, and in those days showed a disposition to approach questions of policy and principle by backing rapidly away from them. Like President Harding, he has

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exhibited one lapse from splendid circumspection; but since the days of the Washington Conference he has assumed the mysterious and equivocal character of Hughes the presidential candidate.

He has, moreover, an essentially legal mind. He must explore every situation in all its possible ramifications. But in international matters, unlike the law, the factors shift as the examination proceeds. Silence is decision, non-action is action, ramified examination is not merely procedure—it is part of policy. Overnight the equation changes, so that judgment upon the original problem is inapplicable to the new. As a result, the country is without guidance and without information. On July 12, 1922, for example, Secretary Hughes stated that he saw "no prospect for any treaty or convention by which we should share in the maintenance of the Court (of International Justice) until some provision is made by which, without membership in the League, this Government would be able to have an appropriate voice in the election of the judges." The implication was strong, and was confirmed by his speech in Boston of October 30, where he declared his belief "that suitable arrangements can be made for the participation of this Government in the election of judges of the international court which has been set up, so that this Government may give its formal support to that court as an independent tribunal of international justice." According to the Secretary's own statement, the last obstacle has been removed. Three months have gone by: the need of participation is greater than ever, the traditional policy of the United States for the past five administrations, Republican and Democratic, is strongly in its favour, yet not one single word has been further vouchsafed by Mr. Hughes with respect to this matter since he spoke in support of Senator Lodge in Boston.

Rumours of disagreement between the President and the Secretary of State have floated into the newspapers, and have been officially denied. Yet one cannot help

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wondering whether Mr. Hughes is entirely happy in office. During the campaign of 1920 thirty-one Republicans issued a manifesto to the voters urging them to elect Harding as the surest way of securing "an association of nations." Perhaps, with thirty other Republicans, Mr. Hughes has cursed the shade of those who thought such a statement essential to a Republican victory, for even without it the party would have won comfortably. Nevertheless, he signed it, and as a man of conscience, he may perhaps be deeply troubled that the promise of his manifesto has never been fulfilled.

If Mr. Hoover finds time to think about it, he must be somewhat troubled at the vagaries of public opinion. Two years ago he was told that his power of effective service was limited because he was not a "strict party man" and because he knew so little about the United States. Since then he has accepted a secondary post in the Cabinet, has subordinated his dominating personality for the sake of the party, and in many ways has given evidence that he can work in company with other men to carry out a programme which is not wholly of his own making. Secondly, he has proved his knowledge of the United States and its domestic problems. He has reconstructed his own department, conducted investigations into the credit and commodity situation in agricultural produce at home and abroad, arranged and participated in long conferences on unemployment, housing, the coal strike and the railroad strike. He has recently formulated a treaty between seven Western states which determines their respective rights in the Colorado River and lays down a programme for its systematic development. He has proved himself a good Republican and an inestimably valuable American citizen. And now, with these tasks behind him, he is given nothing but criticism for his failure to assume control of America's foreign policy. These matters are in no wise his concern, except as he may be specially called upon to serve at the President's request. Either Mr. Hoover must run the

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course which is before him as Secretary of Commerce or he must resign. He must stay in the party with an occasional chance of service in connection with foreign questions, or he must get out. And those who sometimes easily advocate the latter course might well consider what valuable result it could accomplish.

In these days of drift, Senator Borah has grown in stature, and has appeared to assume the leadership refused by the Administration. His ceaseless hammering was the most important factor in forcing the Washington Conference, and during the last two months he has renewed the attack with an economic conference as his objective. Toward the end of December he was persuaded into a truce—on representations that the Administration was then working along lines of its own; but since the efforts of the Administration have admittedly failed, Senator Borah is free to resume the march. If he can convince his fellow Senators, he must carry the battle to the White House, for within a week "a spokesman for the Administration" has stated in plain language that the present moment is not an opportune one for calling conferences. If Senator Borah remembers that the Senate Resolution to withdraw troops from the Rhine was carried into effect in spite of a similar anticipatory defence from the White House, he may not be dismayed. This man from Idaho has no great creative imagination, but he is a canny appraiser of popular opinion and a fearless advocate of his own convictions. He is the hope of those who believe that the dignity and prestige of the United States are being sacrificed for the sake of harmony within the Republican Party; and he is the terror of an Administration which fears its own disruption, especially if the disruption were to come at the hands of the Senate.

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IV

DURING the latter part of Wilson's second term the higher politics of Washington disclosed themselves as a fight between the Executive and the Senate. It was forgotten that Roosevelt enjoyed the same hostility some years before ; it was thought that the conflict was caused by Wilson's dominating personality, his lack of tact, his failure to take the Senate into his favour and confidence, his refusal to ask a member of that body to accompany him to Paris. With such a democratic President and such an abused Republican Senate, what else could be expected ? Yet Harding has a Senate nominally of his own party, and its Republican colour is assured until his term of office expires. But the fight goes on. It is, therefore, shown to be not so much a matter of Wilson's personality and party as the expression of a mutual hostility inherent in that provision of the Constitution by which the Senate is given joint control with the Executive over foreign affairs. The struggle in Wilson's case broke out into open warfare, mutual recriminations—and deadlock. To-day it is trench fighting, long, slow, non-spectacular—and deadlock. There is little inducement to leadership, for the example of Wilson is too fresh to be forgotten. In this atmosphere there is little ground for hope.

Is it too much to expect that the Secretary of State will take to himself the wise advice which he recently offered abroad : "The situation does call for a settlement upon its merits. The first condition of a satisfactory settlement is that it should be taken out of politics." Let him repeat his own creed : "The economic conditions in Europe give us the greatest concern. They have long received the earnest consideration of the Administration. It is idle to say that we are not interested in these problems, for we are deeply interested from an economic standpoint, as our

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credits and markets are involved, and from a humanitarian standpoint, as the heart of the American people goes out to those who are in distress. We cannot dispose of these problems by calling them European, for they are world problems, and we cannot escape the injurious consequences of a failure to settle them." These words were spoken by Mr. Hughes at New Haven on December 29. They might have been a New Year's resolution.

United States of America. January 28, 1923.

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THE events which led up to the Chanak crisis were described last December in *THE ROUND TABLE*.^{*} Whatever blame rests upon Great Britain for those events, her firmness in the actual crisis is now generally admitted to have prevented worse things.

Since that time the Lausanne Conference has taken place. It was attended not only by the Allies and the Turks but also by delegates from Russia and the other States which border on the Black Sea. For a comprehensive settlement of the whole Near Eastern question was the aim of the inviting Powers. Thus, although Bulgaria's claim to an outlet on the *Ægean* was not strictly part of the Turkish peace problem, no finality will be reached in the Balkan question, with which the Near Eastern question is bound up, until she receives such satisfaction as the Treaty of Peace entitles her to, and the claim was among the subjects discussed at the Conference.[†]

At the moment that this article goes to press the Conference has led to no result. To follow it through the various phases which have for twelve weeks filled the columns of the Press, the persuasion, the reproofs and the concessions of the Allies, the delays, the intrigues and the obstinacy of the Turks, is no part of our purpose. A

^{*} *THE ROUND TABLE*, No. 49, December, 1922, p. 1.

[†] Unfortunately no solution was arrived at. Greece's offer of a site for a Bulgarian port was not accepted by Bulgaria, as any such port must, she felt, be territorially connected with Bulgaria itself, otherwise the expense of development would not be warranted.

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certain measure of agreement was obtained, but on other questions the Turks were unyielding. At last, despairing of any adequate results from a protraction of the negotiations, the Allies put forward such terms as they felt able to concede in the form of a draft treaty and presented it to the Turks. A summary of these terms will be found in the appendix. After four days of informal discussion between the heads of the delegations of the inviting Powers and Ismet Pasha, the Turks accepted the whole draft treaty as modified by the offers made during these discussions, except on two points, the judicial guarantees for foreigners in Turkey and the economic clauses of the treaty. Finally, after every effort had been made to overcome their refusal on these points, the Turkish plenipotentiaries refused, on February 4, to sign the treaty. It was fortunate that the breakdown did not come over the Mosul question, as at one time seemed likely. Mosul affected Great Britain alone, but the French and the other Allies are materially interested in the question of the judicial guarantees and the debt, as well as ourselves, and this should make for loyal co-operation.

What are the chances of such co-operation? The Turk no doubt has never abandoned his hopes of a fresh split in the allied ranks. He sees our present differences on the Ruhr policy, and he remembers what happened at Chanak last September. And although allied solidarity was kept up throughout at Lausanne, at the last moment something occurred which seemed to justify the Turkish hopes of the Allies parting company. A veil of mystery still hangs over M. Poincaré's communications with the Turks, but as far as the facts can be gleaned—the first account appeared in the *Temps*, a semi-official organ of the French Government—they are as follows: On Saturday, January 27, M. Poincaré wired to Mustapha Kemal strongly urging the acceptance of the treaty. On the 29th, General Pellé, the French High Commissioner at Constantinople, was instructed to inform the Angora Government that the draft

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treaty was not an ultimatum, that France would not consider an adjournment of the Lausanne Conference a rupture, and that she was not opposed to the resumption of the conversations at Lausanne or elsewhere. General Pellé conveyed these views to the Turks and informed the British and Italian High Commissioners who, it is said, raised no objections. As, however, they were not, we understand, informed till twelve hours after the communication had been made to the Turks, objections would not have been of much avail. On the same day the French Ambassador in London and M. Bompard, the French delegate at Lausanne, were informed of this *démarche*. Lord Crewe then communicated to M. Poincaré the British Government's views on the matter. It has been stated in the French Press that the British were informed by the French Government in advance of the communication sent through General Pellé to the Turks, but this has been denied by the British Government. At this same juncture the French Government was approached with regard to their attitude to the London Declaration of September 5, 1914, under which none of the Allies had, in our opinion, a right in the event of a rupture to make a separate treaty with Turkey. On January 30, the French Government sent our Government a note in reply, in which it was contended that France had a perfect right to make a separate peace in the event of a rupture at Lausanne, as the London Declaration only applied to the Great War.

Whatever the circumstances, a communication from one of the Allies of the kind conveyed through General Pellé to the Turks, while Ismet Pasha was still considering the draft treaty, could only have one effect. The slightest suspicion of any want of solidarity would have been disastrous, and here was something that looked like a direct intimation that France was ready to treat separately. The draft treaty was rejected.

Whether but for this incident Ismet Pasha would have signed, it is impossible to say. It was certainly believed

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that he would. It was understood, at all events, that he was agreeable to 80 per cent. of the terms. The concessions made were, indeed, such that the Allies might have themselves been, like the Greeks, a vanquished foe, instead of the victors in the Great War. The domination of the Straits by the Allies secured by the Treaty of Sèvres was abandoned. The capitulations disappeared, and in their place only a modest arrangement for the attendance of European legal assessors, *conseillers légistes*, at the Turkish courts, who would themselves be Turkish officials, remained, and this only for five years. There was to be a mixed arbitral tribunal, and Allied subjects were to be exempt from compulsory loans and from differential treatment. The reparation debt was reduced from £36,000,000 to £15,000,000. And during the four days' discussion which ended in the Turkish rejection even these terms were, we understand, considerably modified in favour of the Turks. To mention two points, the reparation debt already reduced to £15,000,000 was to be wiped out and the British were ready to wait twelve months before the Mosul question was referred to the League of Nations, the *status quo* meanwhile remaining unaltered. The *conseillers légistes* were to be given an even more modest rôle. Instead of being assessors, they were to have no judicial functions at all, merely watching proceedings to see when appeals were desirable, etc., and busying themselves about such matters in the Government Departments concerned. Such terms for Turkey had never been thought of before. It is true that the Turks may well have doubted whether there was much chance of the Allies fighting after M. Poincaré's categorical statements last autumn, and Mr. Bonar Law's letter about the hopelessness of isolated action by this country.* A section of the British Press, too, disregarding the unfortunate effect such an attitude was likely to have on the negotiations, has during the Lausanne Conference encouraged the belief that we would not go to war in the

* The letter appeared in *The Times* of October 7 last.

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Near East on any consideration. At the same time, as long as the Allies keep together they have it in their power to make things difficult for the Turks by other means than arms. It always, indeed, comes back to the same question, will the Allies keep together? If we separate, Angora may take all it wants with impunity. Concessions mean nothing to people who can help themselves.

So much for the past. What of the future? For the moment the prospects of solidarity in the Near East are better. The French public, at all events, seems to be awakening to its importance. A variety of causes have contributed to this development. Events in the Ruhr, the ingratitude shown in the Turkish Press for past favours, the insolent demand that the Allied warships should leave Smyrna, the belief that too much has been conceded at Lausanne, and the feeling roused by the communication sent by their Prime Minister to the Turks. At the moment, too, the belief is gaining ground that the Turks will sign after all.

If they do not, what is the position? At Chanak, our soldiers still face the Turks, and this time there are Turks too, instead of Greeks, behind them in East Thrace. If trouble comes, shall we again be alone? And even if the Turks sign, will everything continue happily for ever after? Clearly the prospects of any arrangement being kept depend on the same considerations as have made it so difficult to get an agreement upon its terms.

Appendix

APPENDIX

The following official summary * of the articles of peace agreed to between the Allied Powers and Greece, presented to the Turkish delegation at Lausanne, was issued by the British Foreign Office :—

I. FRONTIERS OF TURKEY

(a) IN EUROPE.

Turkey in Europe will be bounded on the north by the Bulgarian frontier as laid down by the Treaty of Neuilly, and on the west by the left bank of the Maritza.

Opposite Adrianople, in order to provide access to the main railway, a strip of territory on the right bank of the Maritza, including the bridge and the small branch line, will be ceded to Turkey between the river and Karagach.

A zone of territory to an average depth of 30 km. on each side of the frontier of Turkey in Europe will be demilitarised.

Turkey will renounce all rights and title over all the Islands (except Imbros and Tenedos, which will be given to her subject to the grant of local autonomy). The following Islands will be demilitarised: Samothrace, Imbros, Tenedos, Lemnos, Mytilene, Chios, Samos, and Nikaria.

(b) IN ASIA.

The frontier with Syria will be that already agreed to between France and Turkey.

The frontier with Iraq is to be left to the decision of the Council of the League of Nations.

The eastern frontiers of Turkey in Asia are not dealt with.

Turkey will renounce all rights and title over Syria, Palestine, Iraq, the Hedjaz, the Arabian Peninsula, Egypt, the Sudan, Lybia, and Cyprus.

II. THE STRAITS

A special Straits Convention attached to the Treaty will contain the following provisions :—

Absolute freedom of passage for ships of commerce in time of peace, and in time of war when Turkey is neutral. When Turkey is a belligerent, free passage for neutral ships of commerce, Turkey retaining the right of visit and search.

Right of passage for warships in time of peace subject to the condition that the maximum force of any single Power shall not

* As stated above, these terms were substantially modified in favour of the Turks during the four days of discussion which preceded their rejection by the Turks.

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exceed that of the strongest fleet of any Black Sea Power ; the Powers will none the less retain the right in any case to send into the Black Sea a force not exceeding three vessels of war none of which shall exceed ten thousand tons. In time of war when Turkey is neutral, right of passage for unlimited naval forces of belligerents subject to the prohibition of acts of war within the waters of the Straits. When Turkey is a belligerent, free passage for neutral ships of war under the same conditions as in time of peace. Turkey may, however, take steps to prevent the passage of enemy warships.

Demilitarised zones will be created on both sides of the Dardanelles and Bosphorus within which Turkey shall be allowed no regular forces, except at Constantinople, and no fortifications.

No permanent gun or torpedo batteries capable of interfering with the passage of the Straits shall be erected on the European shore of the Marmara or on the Asiatic shore between the demilitarised zone and Darije.

A Straits Commission shall be constituted, under the chairmanship of the Turkish representative and composed of representatives of France, Great Britain, Italy, Japan, Bulgaria, Greece, Rumania, and Yugo-Slavia. Russia shall also be admitted if she signs the Convention. The United States can be represented if they desire. The Commission shall have the duty of seeing that the clauses regarding the passage of warships are duly observed. It will exercise its mission under the auspices of the League of Nations.

In order to reassure Turkey that the freedom of the Straits shall not be exploited to her disadvantage the Signatory Powers, "and in any case France, Great Britain, Italy, and Japan," undertake that they will jointly prevent "by every means which the Council of the League of Nations shall decide" any violation of the Straits Convention or any act of war liable to imperil the freedom of the Straits.

III. CONSTANTINOPLE

In order to provide for the security of Constantinople Turkey shall be allowed to maintain a garrison there of 12,000 men and an additional garrison of 8,000 in Eastern Thrace. The Turkish fleet will be allowed to cruise and anchor in the waters of the Straits, and Turkey shall be allowed to possess naval bases and arsenals.

IV. NAVAL AND MILITARY CLAUSES

Apart from the above restrictions on the Turkish regular forces in Thrace and Constantinople, no military or naval clauses will be imposed. Adequate arrangements are inserted in the Treaty for the reciprocal exchange of such prisoners of war as are still retained.

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V. WAR GRAVES

Turkey shall grant to the Allied Powers full rights over the sites of all cemeteries and memorials, and pledge herself to respect them. She shall, in particular, grant to the British Empire the area on the Gallipoli Peninsula where the Anzac cemeteries are situated.

VI. CAPITULATIONS

The capitulations are abolished. A Convention is annexed to the Treaty dealing with the future *régime* for foreigners in Turkey. This Convention is divided into four chapters.

The first chapter deals with the conditions under which subjects of the contracting Powers shall have access to and be entitled to reside in Turkey. In their main lines these conditions are similar to those prevailing in European countries generally. No special privilege is claimed for Allied subjects.

The second chapter consists of five clauses dealing with fiscal matters. The object of these is to assure to subjects of the contracting Powers the same treatment as that extended to Turkish subjects. No special treatment is demanded for Allied subjects except exemption from compulsory loans.

The third chapter deals with judicial matters. It lays down general principles designed to secure for Allied subjects the protection of the Turkish Courts which are to have jurisdiction over them in all matters except matters of personal status, which will be referred to the national Courts of the parties, unless the parties themselves wish to take them before the Turkish Courts.

The fourth chapter consists of a single article dealing with Allied religious, scholastic, and charitable institutions. This article provides that there shall be no interference with the free working of existing establishments of this kind, the Powers reserving to themselves the right to make special arrangements with the Turkish Government regarding the creation of new establishments. It further lays down that these institutions shall be subject to Turkish law on the understanding that the special character of the institutions shall not be thereby impaired.

Annexed to this Convention is a draft declaration which the Turkish Government has been asked to issue in the form of a unilateral act. The object of this declaration is to provide special safeguards for the person and property of subjects of the contracting Powers in Turkey for a transitional period of five years, during which it is hoped that Turkey will be able to reorganise her legislative system and judicial administration sufficiently to make any special safeguards unnecessary after its expiration. The arrangements proposed in the draft declaration have been devised with the object

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of completely protecting the principle of Turkish independence even during the transitional period. It is proposed to incorporate in the Turkish judiciary a special element to be composed of *conseillers légistes* selected by a Board appointed by the Turkish Government itself, and consisting of two high officials of the Turkish Government and three Judges of the Permanent Court of International Justice. These *conseillers légistes* would be attached to the Courts of Constantinople, Smyrna, Samsoun, and Adana, as well as to the Courts of Appeal and the Court of Cassation. They would sit on the Bench with the Turkish Judges in cases concerning Allied subjects, the presence of at least one *conseiller légiste* being required in the lower Courts and a majority in any Court judging a case in the last resort. The draft declaration also provides that warrants for arrest or for domiciliary visits in the case of Allied subjects shall not be issued in the places of residence of the *conseillers légistes* without being countersigned by one of these officials, and that Allied subjects arrested elsewhere shall have the right to demand to be sent within forty-eight hours before one of the *conseillers légistes* in the nearest place where they reside. The draft declaration further provides that the Turkish Government shall set up an Advisory Committee composed of Turkish officials and the *conseillers légistes* attached to the Courts of Appeal and Cassation to elaborate such reforms as may be necessary to bring the legislation, judicial organisation, and prison system of Turkey into conformity with modern conditions.

VII. MINORITIES.

(a) Full protection of life and liberty and freedom of worship for all inhabitants of Turkey without distinction of language, race, or religion; enjoyment by non-Moslem Turkish nationals of the same civil and political rights as Moslems; equality before the law of all the inhabitants of Turkey without distinction of religion; freedom of all non-Moslem minorities to use their own language in their private intercourse or in commerce, as well as regards religion, the Press, and public meetings: Turkish nationals speaking a language other than Turk to use their language orally in the Courts; non-Moslem minorities to possess the same rights as other Turkish nationals to found and maintain charitable, religious, or social institutions and schools, and to be given special facilities as regards public instruction in towns and districts where such minorities reside in considerable numbers: Turkey to take with regard to non-Moslem minorities all measures permitting them to regulate questions of family or personal status according to their usages, such measures to be elaborated later by special Commissions composed in equal numbers of representatives of the interested minorities with an arbiter chosen from European jurists by the League of Nations and

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Turkey in agreement: protection of all churches, synagogues, cemeteries, etc., and facilities for pious foundations and religious and charitable establishments belonging to existing non-Moslem minorities in Turkey: freedom of internal movement and emigration for non-Moslem minorities subject to certain reserves relating to good order.

All the above articles to be regarded by Turkey as fundamental laws of Turkey, and to be placed under the guarantee of the League of Nations by an article similar to that guaranteeing all European Minority Treaties.

All action taken under the auspices of the Allies since the Armistice up to November 20, 1922, for the recovery of women and children and the restitution of property wrongfully seized from the non-Moslem minority populations to be validated by the Turkish Government subject to arbitration in contested cases by representatives of the Red Cross and Red Crescent.

A reciprocal amnesty declaration to be attached to the Treaty, whereby all inhabitants of Turkey and Greece will be pardoned for their military and political conduct, or for assistance given to any other signatory of the Treaty or its nationals between August 1, 1914, and November 20, 1922, subject to certain specified exceptions by Turkey as regards Moslems. An amnesty for political acts between August 1, 1914, and November 20, 1922, to be similarly given by Turkey to nationals of the new states, and the Greek and Turkish Governments to give full amnesty for all crimes and offences committed during the above period in manifest connection with the political events of that period.

(b) Annexed to the draft treaty is a separate Convention between Greece and Turkey providing for the exchange of the Greek population of Turkey, excepting Constantinople and the Moslem population of Greece exclusive of Western Thrace. This is to begin in May and is to be effected on a compulsory basis. The exchange will be carried out under the control of a Mixed Commission of Turks, Greeks, and three neutral representatives to be nominated by the League of Nations. The Commission will also be in charge of the liquidation of all property left behind by the persons affected by the exchange. The liquidation will be retrospective in order to include the property of Greeks and Moslems who have left Turkey and Greece respectively since September, 1912. Another separate Greco-Turkish agreement, independent of the Peace Treaty, provides for the return of Turkish civil hostages removed from occupied territory by the Greek authorities and for the exchange of prisoners of war.

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VIII. ECONOMIC CLAUSES.

(a) TAXATION OF FOREIGNERS IN TURKEY.

The Capitulatory *régime* is terminated. Allied subjects in Turkey are to receive as regards taxation treatment not less favourable than that granted to Turkish subjects.

This arrangement is reciprocal and is to remain in force for ten years.

(b) FUTURE COMMERCIAL REGIME.

The Capitulatory *régime* is terminated. By a Commercial Treaty which is to form part of the Peace settlement Turkey and the Allies agree that, subject to the Allied Power concerned giving most-favoured-nation treatment to Turkey, the tariff on importations into Turkey for five years will be the Ottoman specific tariff of October 1, 1916, payable in Turkish money.

In view of the depreciation of Turkish money since 1916 from £T.110 to about £T.800 to £100 sterling, coefficients of increase have been applied to this tariff. The existing coefficients are 5 for certain articles and 12 for other articles.

The articles now subject to the coefficient of 5 are to remain subject to that coefficient. A fresh list of articles now subject to the coefficient of 12 has been made subject to the coefficient of 8, which approximately corresponds to the depreciation of the Turkish pound, and the remainder of the articles are to be left subject to the present coefficient of increase of 12; these coefficients are to remain in force until the alteration in the value of the Turkish pound exceeds 30 per cent., when the coefficients would be modified accordingly, except that the coefficient of 5 would not be reduced below 5.

(c) NAVIGATION.

It is provided that most-favoured-nation treatment or national treatment, whichever may be the more favourable, shall be given to the ships of the Allied Powers, subject to reciprocal treatment being given by those Allied Powers; and that no discrimination of any kind is to be exercised against the import or export of merchandise on account of the flag of the ship in which the goods are carried.

(d) INDUSTRIAL PROPERTY: FUTURE ARRANGEMENTS.

The clauses provide that Turkey is to take all necessary steps to prevent unfair competition and to adhere to certain international conventions for the protection of industrial property.

(e) DEBTS.

Provision is made for the payment of pre-war debts due in Turkish currency, between Turkish nationals resident in Turkey at the beginning of the war on the one hand, and Allied nationals resident

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in Allied territory on the other hand, in Allied currency at the pre-war rate of exchange.

(f) PROPERTY, RIGHTS AND INTERESTS.

Provision is made for the reciprocal restoration of enemy property in Turkey, as fixed by the Treaty, on the one hand, and in Allied territory on the other, and for the fixing and payment of damage suffered by companies, other than Allied companies, controlled by Allied nationals, in respect of their property in Turkey. (These claims are not dealt with in the Reparation Clauses.) This provision will apply to companies registered in Turkey, by which almost all concessions in Turkey are held.

(g) MIXED ARBITRAL TRIBUNAL.

An Arbitral Tribunal is to be set up for settlement of disputes between Turkish nationals and the nationals of an Allied Power which may arise under various provisions of the economic clauses.

(h) CONTRACTS.

The clauses provide for the maintenance of certain specified categories of pre-war contracts between enemies, and for the general rule of cancellation of other pre-war contracts between enemies, subject to payment of compensation in certain cases. Judgments given during the war by Turkish Courts, or decisions of Turkish administrative authorities, regarding matters in respect of which they were not competent on August 1, 1914, against a national of an Allied Power or against a company in which Allied interests are preponderant, are to be subject to review by a Mixed Arbitral Tribunal. Any compensation awarded is to be paid by Turkey.

(i) CONCESSIONS.

Allied nationals and companies in which Allied interests are preponderant are to be restored to their rights under concessions granted before August 1, 1914. The duration of the concession is to be prolonged by a period equal to the duration of the war, and the terms of the concession are to be revised so as to accord with present economic conditions, if possible by agreement between the concessionaire and the Turkish Government, and, in default of agreement, by arbitration. Agreements made between the Ottoman Government and concessionaires since October 30, 1918, are confirmed. Legislative or other provisions enacted since August 1, 1914, which are prejudicial to the rights of concessionaires are declared null and void.

(j) INDUSTRIAL PROPERTY: SETTLEMENT OF PAST TRANSACTIONS.

These clauses provide for the reciprocal restoration of rights to industrial property in Turkey and in Allied territory, subject to

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licences granted during the war, and (among other points) for the recognition of the registration and transfer of patents and trade marks during the Allied occupation.

(k) SANITARY CLAUSES.

The sanitary clauses of the draft Treaty provide for the creation of a Mixed Commission for the Straits composed of a Turkish President and three experts chosen from a panel of six to be recommended jointly by the Health Committee of the League of Nations and the International Health Office in Paris. This Commission will, during a period of five years, replace, for sanitary purposes connected with the Straits, the former International Board of Health which sat in Constantinople up to 1914. The clauses further provide for equality of treatment under the sanitary tariff between foreign and Turkish ships and persons, for the liquidation by a special international Commission of the outstanding affairs of the old Board of Health, and for collaboration between Turkey and the other interested Powers in the sanitary supervision of pilgrims to the Hedjaz and Jerusalem in conformity with the appropriate international Conventions.

IX. FINANCE.

(a) DISTRIBUTION OF THE PRE-WAR OTTOMAN PUBLIC DEBT.

The loans issued by Turkey prior to the Balkan Wars (October 17, 1912) are to be divided between Turkey and the Balkan States in favour of which Turkish territory was detached after the Balkan wars; Turkey's share of the pre-1912 debt, together with the debt incurred between 1912 and November 1, 1914, is to be divided between Turkey and the States in favour of which territory is detached under the present Treaty.

The portion of the annuities required for the service of the various loans for which each territory is responsible will bear the same proportion to the total Debt annuities as the revenue of that territory in the financial years 1910-1911 and 1911-1912 bore to the total revenue of Turkey.

The capital of the Debt may be divided on the above basis subject to the consent of the Bondholders.

The annuities payable by the Balkan States which acquired Turkish territory under the treaties which ended the Balkan wars will be payable from the date of those treaties, while the annuities payable by the States in favour of whom Turkish territory is detached under the present Treaty will be payable from March 1, 1920. The arrears of annuities are to be spread over 20 years.

Provision is made for maintaining and safeguarding the rights of the Ottoman Debt Administration and Turkey's pre-war creditors.

Appendix

(b) REPARATION.

As a final settlement of the claims of the nationals of the Allied Governments (other than Greece) against the Turkish Government for loss and damage suffered during the war and of Turkish counter-claims, Turkey is to pay a sum of £T.15,000,000 gold (equivalent to approximately £14,250,000 at present rates of exchange).

Greece and Turkey mutually renounce any reparation claims.

The sum of £T.15,000,000 gold is to be paid off with interest at 5 per cent. by means of 37 annuities of £T.900,000 gold.

Five per Cent. Bearer Bonds (to be called "Liquidation Bonds") are to be issued by the Turkish Government, the service of which will be met from the annuities. These bonds will be distributed to those Allied nationals who have suffered damage.

(c) MISCELLANEOUS.

The Allied Governments waive any claim against Turkey for the debts due by Turkey to Germany and the other ex-enemy Powers which were transferred to the Allies by the treaties of peace with the Powers concerned.

The sums in gold which were deposited in Berlin and Vienna in connection with the first issue of Turkish currency notes and were transferred to the Allied Powers by the treaties with Germany and Austria, are to be returned to Turkey in instalments in five years, but will in the meantime be held as a guarantee for the discharge of Turkey's obligations in respect of reparation.

The Turkish Government recognises and will carry out the financial arrangements made by the Constantinople Government prior to November 1, 1922.

UNITED KINGDOM : CURRENT POLITICS

I. THE NEW GOVERNMENT

THE principal result of the General Election is a marked atmospheric change in the politics of the United Kingdom. Visibility is improved, the barometer stands higher and, if nothing very certain can be forecast of to-morrow's weather, there is a more hopeful feeling about it. Other signs of change in the transition from the Coalition to Conservatism are few. No grand reversal of policy was expected or possible. The only party which even promised a serious change of programme was the Labour party. Save for variations in emphasis, the rest might have fought their elections on each other's manifestoes. What the country wanted, however, was rather an inward than an outward change and new management rather than new measures.

For reasons that have been fully discussed before in these pages the Coalition had been losing simultaneously confidence in itself and the confidence of the electorate. By-elections left no doubt of it. It had ceased to be valued for its own sake as a prolongation of the united war effort into the period of what was hopefully called reconstruction. Its value as the only alternative to a Labour Government disappeared with the Carlton Club meeting. As soon as the bulk of the Conservative party had backed itself to form an administration, it stood, for the majority of

The New Government

non-Socialist opinion, in order of preference before the Coalition and Labour alike. Labour, too, would have preferred it to a revived Coalition. The sober virtues of government by party had become brilliant by contrast with the faded ideal of national unity.

There was never much doubt that in the new Parliament Mr. Bonar Law would be able to find the necessary support for his Government without returning to the system which he had overthrown. Had it been necessary for him, however, to depend on non-Conservative votes for its existence, it would have falsified many hopes of the change and its effects. The event proved otherwise. In the new House of Commons the Conservative party, though it failed to poll a majority of the electorate, has an independent majority of 75 over other parties. Without entering into the merits of Proportional Representation, we can confidently say that the accidents of our electoral system have produced a result which, for this occasion, the majority of voters of whatever party would be loth to exchange for a more mathematically accurate expression of their views. They would prefer, for the present at least, government by a single party, even if it is not their own, to a relapse into the bewilderments of a Coalition.

Apart from the negative merits of its reversion to a trusted tradition of British politics, the new Government, which came in on the wave of a reaction from the Coalition, draws strength from its dissimilarity to the old. It contains no brilliant or dominating personality. It is neither able nor willing to appeal to the popular imagination. It keeps its claims as low as its predecessor's were high. In all this it faithfully responds to the prevailing mood. The public has received security against disillusionment and in the very paucity of Government promises now finds the best promise for the future. Something of "tranquillity" has, it would be claimed, already been realised in the tranquillising effect of modest aims and a restrained manner. Possibly it is not wholly by coincidence that industry has

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begun to show, despite the growing adversity of Continental conditions, reciprocal signs of calmness and confidence.

The Cabinet

It is more than sixteen years since a purely Unionist Government held office. The lapse of time must in any case have cleared the way for younger members of the party. Separation, not only from the Liberal wing of the Coalition, but from the group of Unionists which stood with Mr. Chamberlain, Lord Balfour and Lord Birkenhead, increased the opportunities of office. Out of Mr. Bonar Law's Cabinet of sixteen members (ten of whom were Ministers in the late Government at the time when it resigned), some, like Lord Curzon, Mr. Baldwin and Lord Peel, were already of Cabinet rank; some, like the Duke of Devonshire at the Colonial Office and Lord Derby at the War Office, had ample qualifications for office; others were advanced from junior positions. The Cabinet as a whole is not venerable in years. Its average age is no more than 55. Mr. Amery at the Admiralty, Sir Philip Lloyd-Greame at the Board of Trade, and Colonel Wood at the Board of Education are all well below that age.

Mr. Bonar Law has assembled a useful team for the purpose of steady and competent administration, on which his policy concentrates. The weakness is on the Parliamentary side, especially in the House of Commons, of which only nine Cabinet Ministers, or eight excluding Sir Arthur Griffith-Boscawen, at present without a seat, are members. Here they have a heavy task. On their flank and to their front they have the combined talents of the two front benches in the last Parliament, Coalition Unionist, National Liberal, Liberal and Labour, reinforced by prominent members of the Liberal and Labour parties who lost their seats in the 1918 Parliament. Mr. Chamberlain, Sir Robert Horne and their companions still sit aloof. Mr.

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Lloyd George is a potential Opposition in himself. Mr. Asquith has been joined by Sir John Simon. Mr. Ramsay Macdonald has returned to lead the Labour party, and with him have come in out of the wilderness a score of formidable fighters. Some, like himself and Mr. Philip Snowden, sat on the Labour benches formerly. Others, new members and old, have joined him from other parties. Mr. Arthur Henderson, Chief Opposition Whip, has regained at an early by-election the seat he lost at the General Election. Mr. Winston Churchill, who met with spectacular disaster at Dundee at the hands of a Prohibitionist, and Sir Donald Maclean, the protagonist of free Liberalism in the last Parliament, will not long be out of the Parliamentary reckoning.

In contrast with its predecessor, the present House is well enough supplied with front-rank politicians to furnish the framework of two alternative Governments. The Treasury bench has still to show that it has the experience and debating resource adequate for one. Mr. Bonar Law, of course, stands out beyond his colleagues, but there are fears for his health if the Parliamentary strain put on him be too great. The new Session will prove the capacity of his colleagues to rise to their opportunities and to hold their own with an Opposition much more powerful in numbers and debating strength than that which confronted the Coalition.

His Majesty's Opposition

Labour has established its title to become the official Opposition, a claim which the Independent Liberals have reluctantly conceded. In a House of 615 members, Labour counts 143, the Liberals 62, National Liberals 54. Next to the Unionists, with their total (including Mr. Chamberlain's following) of 345, Labour is the most important section of the House, and the Liberal split enhances its importance.

Not only by numbers will Labour impress itself upon the

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new Parliament. With its increase of votes has come a no less remarkable increase of independence, vigour and self-confidence. It has had a stimulating experience at the polls. It has steered clear of all co-operation. Its hands are free. Its policy, whatever else may be thought of it, is concrete and distinctive. Its leadership promises to be effective. It has the advantages as well as the disadvantages of having been as yet untested by responsibility and possesses a liberty of criticism beyond that of any other party. Its customary composition of sober English trade unionists has been salted with a professional sprinkling of doctors, teachers and barristers, and leavened with a yeasty body of uncompromising Scots from the region of the Clyde. The driving force of the new Labour party is derived from the band of convinced extremists from the North. Its first act was significant. Mr. Clynes was dethroned from the leadership and Mr. Ramsay Macdonald appointed to reign in his stead. It was not too graciously done, though Mr. Clynes accepted his position loyally. But this brusque action made it clear that the flag of militant Socialism was to wave over trade unionists and the rest alike. The solitary Communist is a skirmisher in front.

The Labour success is partly a reflex of bad trade and industrial distress, partly the outcome of a conscientious and unremitting propaganda. Its particular success in the Glasgow area it owes also to a third cause. Thanks to the failure of landlords to comply with a legal technicality under the Rents Restriction Act, a majority of the inhabitants of the tenements unfortunately characteristic of that city found themselves entitled to refuse rent. The protection of the tenants' right against the possibility of retrospective legislation gave Labour an opportunity which it utilised to the full. The miscalled "rent strike"—miscalled, since the tenants are within their legal rights—has spread to England and presents the Government with a fortuitous problem of the greatest perplexity, which the Labour Opposition will not fail to exploit.

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The danger to Labour's successful career in the new Parliament comes chiefly from within. To the obvious discomfort of its leaders, Labour experimented in obstruction in the first session. What was a fine art in the apt and experienced hands of the Irish Nationalists, however, came somewhat near brawling when applied by the Clyde recruits. It was clumsy and inefficient, and hardly needed the further condemnations of parties not themselves guiltless of unparliamentary "scenes." These tactics, if continued, would largely sterilise the party's power in Parliament. Leadership, as Mr. Macdonald has with tactful admonition suggested, would become impossible. A verdict of political incompetence would be returned by the electors at their next opportunity. It is more likely that, after the first heat of battle, the personality of its leader and a sense of its own interest will keep the party playing to the rules.

The Coalition Fragments

Labour is one-half, or rather more than one-half, of the Opposition. Mr. Lloyd George is, or may be, the rest of it. We are not thinking only of his personal prestige or his incomparable debating power, but rather of the fact that with him more than with any man rests the future of the two Liberal groups and the Chamberlainites. For the present he maintains the position he has occupied, since his resignation, of neutrality towards Mr. Bonar Law's Government. While he stands thus, the way to Liberal reunion is barred on the one hand, on the other it is more difficult for Mr. Chamberlain to follow the natural and in time inevitable course of rejoining the main body of his party. Conservative reunion and Liberal reunion would both be developments of distinct public advantage, and one would result from the other. The abstention of prominent Unionists weakens unnecessarily a Government much in need of their capacity. The division which renders one of the historic parties in the State impotent

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cannot but be harmful to the public interest. The reunited Liberal party would fall little short of the Labour party in numbers and nothing short in influence.

What Mr. Lloyd George intends is still matter for speculation. In the first session, with characteristic *flair*, he chose agriculture as the theme of his main deliverance, opening up a line of possible attack upon a Conservative Government's strongest quarter. He is reported to be working on the land question, in which his first political reputation was principally founded. Mr. Lloyd George's standing in the country is, of course, exceptional. It is, however, doubtful whether it has lately been improved by his incursions into the Press. His articles, broadcast through newspapers all over the world, have dealt with aspects of our foreign policy, and with the Entente in particular, with a vehemence which, in the ordinary run of opinion, is not felt to be either customary or appropriate in a statesman whose responsibility for the conduct of affairs is as recent as his. As to his future, prophecy is better not attempted. We need do no more than record the circumstances favourable to the winding-up of the last Coalition. First, the natural attraction of the Chamberlainites towards their own party will probably be accentuated by the Government's need of their services. Second, the assertiveness of the Labour opposition and the sense of their relative insignificance, while the division continues, will continue to stimulate the already evident desire of the Liberal rank-and-file for reconciliation between their two groups and compel a solution of the problem of their leadership.

The Policy of the Government

II. THE POLICY OF THE GOVERNMENT

THE Government took office pledged to reduce legislation to a minimum. It was given a blank cheque and instructed to draw it for the smallest amount possible. The full restoration of Cabinet government, the strengthening of departmental responsibility, administrative economy, a cautious and even-tempered diplomacy—these constitute the necessarily vague outline of the Bonar Law policy. So far the legislative programme, promised or performed, fulfils the pledge. The Government is mainly concerned with business handed on to it by its predecessor.

The first session in the autumn was only of four weeks' duration. Its principal object was to complete the constitutional existence of the Irish Free State before December 6, the date fixed for that purpose by the Irish Treaty. The ratification was carried through without incident in both Houses. So a Home Rule settlement passed to the Statute Book fathered by the party which had stubbornly opposed it for nearly half a century, and by a Government which included members who had resisted it to the very last. The Treaty policy could not have received, so far as Great Britain was concerned, a more impressive national sanction. The remainder of the session was principally devoted to debates on unemployment and to the continuance or extension of devices adopted by the previous Government to provide work and stimulate trade. The Imperial Economic Conference, proposed for this year, was the one new contribution to the problem, but it seems likely to be held up indefinitely by the domestic preoccupations of the Dominion Prime Ministers.

The programme for the new session includes measures for the decontrol of rents, for a modified housing scheme under which the assistance of the State will be limited to a fixed sum for each house built, and for the relief of agricul-

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ture by a readjustment of rating and by a system of credit facilities. Further inquiry into the needs of agriculture is also being made. The decontrol of rents, complicated as it is by the "rent strike," is a subject which will provide Labour with a welcome battle-ground.

It results from the condition of the times, however, that the ready reckoner of the success or failure of the new Government's policy will be the statistics of unemployment. It is the foreign rather than the domestic aspect of Government policy which will therefore come more and more into the front of the picture. In the present state of British trade, little more can be done than is being done by Parliamentary and administrative action to promote recovery and relieve distress, without injury to these causes themselves. At best recovery will be slow, and meanwhile the pressure on the Government will increase. In January of this year, the third year of trade stagnation, the total number of unemployed on the live register stood at 1,359,100. This figure represented a slight, seasonal increase on the total for the previous month and a decline of 413,833 from the figure for January, 1922.

Through the episode of the "hunger marchers," unemployment was the first question forced on the Government's attention after the election. The unemployed have been partially organised under a Council of Action, led by members of the Communist party. This body arranged a concentric march of some hundreds of the unemployed on London and insisted on an interview with the Prime Minister. The Prime Minister has repeatedly refused their demand on the ground that he will not, at all events in the first instance, assume responsibilities proper to the Ministers of Health and Labour, whom the leaders refuse to interview. At Glasgow, however, in his capacity of local member, he received a local deputation. The movement seems devised to serve the interests of Communism as much as those of the unemployed and has come to little so far. The rank-and-file are more interested in work than

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politics, and, though recruits have been summoned from various industrial districts, the original marchers have been gradually dispersing to their homes.

Generally, the economic outlook has improved. The Prime Minister's refusal to join France in her occupation of the Ruhr has been generally approved, and the funding of the American debt is felt to have cleared one serious obstacle out of the way of trade improvement. The chairmen of the big banks, at their annual meetings, have lent authority to the belief that the tide is slowly turning. The coal, iron, steel and shipping industries all report increased activities, and where they lead others, as a rule, follow. Industrial relations are at the moment generally undisturbed. There is some unrest in the coal-fields, especially in South Wales, which has been through a particularly hard time. In the building industry the masters are asking for an increase of working hours and a further reduction in wages. Negotiations are continuing. If these demands are pressed a rupture is certain. The men will have the support of the trade union movement as a whole in resisting the demand for longer hours.

The fortunes of British trade in the coming year, however, mainly depend upon the course of affairs abroad. There is not much satisfaction to be derived from an artificial demand for British coal and other products created by the paralysis of the Ruhr industrial area. The fortuitous disturbance of prices is likely to injure and delay the normal course of trade. More broadly, further interference with the mechanism of credit and production anywhere is bound to be disadvantageous to British industry. Our "first foreign interest," to quote the present Prime Minister, is still "the re-establishment of peace." It dominates all other interests.

INDIA—THE COMMERCIAL, AND ECONOMIC SITUATION

I

ON an impartial survey of the facts, there can be little doubt that the early days of the British Administration saw, from the Indians' point of view, a definite economic regression in India. Under the Mogul Emperors the wealth and splendour of the Imperial court maintained a strong demand for luxury products necessitating a high degree of skill in craftsmanship and manufacture, which lapsed with the fall of the Empire. The arts and crafts were organised under the caste system, analogous to that of the mediæval guilds, and the bulk of the industrial capital of the country consisted in the hereditary skill and traditional knowledge, which had made the costlier Indian manufactures, such as fine muslins, silks, precious stones, ivory, and gold and silver ware, famous over a considerable portion of the Old World. With the advent of the East India Company the demand for the finer products required for the oriental splendour of the former rulers gradually disappeared. The Company was mainly concerned to export the raw produce and raw mineral, which could be handled in large quantities and commanded a quick sale. Various crafts, such, for instance, as silk weaving and ship-building, were officially discouraged by the Company, and quickly died out.

It was this self-seeking policy on the part of the British Administrators that was responsible for the beginning of

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the industrial dark ages in India. The extent of the regression, however, should not be exaggerated. Some Indian writers have attempted to prove that prior to this period India was not predominantly an agricultural country, but was driven to agriculture from the languishing native industries. This view can scarcely be accepted as correct, the truth probably being that possibly one or two per cent. of the total population slowly gravitated from these causes on to the land for a living; while most industries survived regression by confinement to narrower limits and a lower level of technical excellence. The industrial set-back was rather in the nature of a transference of economic activity from Indian hands to those of the British exploiters. The industries of the Mogul Empire were cottage industries conducted by artisans who were of no importance politically or socially but were probably on the whole rich and prosperous in a limited way, and, subject to the favours of their patrons, their own masters in business. With the swing of the pendulum they found themselves with a restricted market for their skill, and a demand for the cheaper, more competitive product, often the mere raw material. While, therefore, under exploitation the wealth produced by India increased by leaps and bounds, the bulk of it was exported to England and rendered unavailable (except to a limited though always increasing extent) for benefiting the country that produced it, and indigenous enterprise and craftsmanship were depressed accordingly. With the progress of time, however, a growing amount of British capital has been invested in India, with the result that by the beginning of this century her whole population has been directly or indirectly favourably affected by the opening up of the country, the employment of large bodies of labour at relatively high rates, and sound and just civil administration. The pendulum has swung backward and the debt to India has probably been more than fully repaid.

Speculations on an altered past are generally unprofitable, but it would be foolish to ignore them as a psychological

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factor in history. India as a whole may be far richer, more prosperous, and happier now than in the days of the Moguls, but might that not have come about without foreign interference? Would not the wealth and skill and enterprise of the days of Akbhar have reaped of its own sowing in due course, and, though material progress might have been slower, would not every step have been taken by Indians and counted for India? Such patriotic reflections, stimulated by an awakening political consciousness and contact with Western democratic ideals, ultimately gave rise to the first Indian National Congress in 1885. The predominance of the political aspect of the Nationalist movement need only be mentioned in passing, but the industrial side which resulted in the *swadeshi* campaign has gained increasing importance from its political possibilities. The *swadeshi* movement was a popular effort to promote indigenous Indian enterprise by the boycott of foreign goods. It was taken up by the educated classes in all the provinces, and especially in Bengal, and involved on its constructive side an appeal to Indian capitalists to invest their funds more largely in industry, and to the younger members of the literary castes to abandon their traditional aversion to manual labour and fit themselves for industrial enterprise. The Indian Industrial Conference was started in 1905 as an adjunct to the Indian National Congress with this end in view. The rapid economic and political advance of Japan, culminating in the defeat of Russia, captured the imagination of educated Indians, who saw in it an example of what could be accomplished by an Eastern nation, and numerous Indians went to Japan for industrial training. These causes led to the increased use of Indian goods and the starting of small factories by Indians. Latterly, however, political extremists have laid greater emphasis on the destructive side of the policy, the boycott of foreign goods, and in doing so have alienated many sympathisers.

The Government of India at the beginning of the century

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was slowly awakening to the advantages of a progressive industrial policy, and various attempts were made, notably in Madras and the United Provinces, to promote and foster industries. Local efforts were perhaps spasmodic and depended to a large extent on the enthusiasm and personal qualifications of individuals, and it was not until 1905 that the Government gave public recognition to the new policy by inaugurating an Imperial department of Commerce and Industry. The policy of the Government was just beginning to crystallise, following in the wake of the activities of Mr. (now Sir Alfred) Chatterton in Madras and Sir John Hewett in the United Provinces, when a set-back was received in 1910 from the Secretary of State for India, Lord Morley. A certain tendency had been in evidence in the provinces for the local Government to engage directly in some of the minor industries by way of an incentive and example to Indian enterprise. Some of these efforts, such as the Government aluminium works in Madras, were successful and others were not. Lord Morley wisely proclaimed himself against the principle of direct participation by Government in industry and gave it as his view that the function of Government was to familiarise the Indian public with the latest technical developments, to educate them technically, but not to demonstrate to them by actual example the commercial practicability of an enterprise. This limitation of Government intervention is of course logically an arbitrary one, but it avoided the very obvious dangers which attend the assumption of business risks without the necessary backing of business experience. Lord Crewe, the next Secretary of State, allowed a wider interpretation of Lord Morley's dictum and expressly permitted technical education by means of experimental work and demonstration: and at the present day there are a good many Government factories and workshops the existence of which is primarily unjustified except as Government educational institutions.

One of the main weapons in the Government's industrial

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armoury, but as yet not put into full use, and a strong factor in the growing *swadeshi* sentiments of the majority of educated Indians, was the Customs tariff, and the cotton duties in particular. It is not possible in an article such as this to trace the history of this question from its first beginnings. The presumed, if not actual, tendency of the Government of India to favour the Lancashire cotton merchants at the expense of the Indian mill-owner led to a great deal of resentment in Indian political and industrial circles. Looking at it in retrospect, the bark of the Indian Government's favouritism was, perhaps, worse than its bite, but it cannot be denied that the policy of the India Office, at any rate, was in former days unduly swayed on this question by consideration for the interests of England, and as such was unjustifiable. The resentment naturally caused in India bore fruit in various forms of political activity and pressure. In 1916 war expenses necessitated the raising of fresh revenue, and the general tariff rate was raised to 7½ per cent., cotton remaining untouched. This was a concession to the merits of the case, and Lord Hardinge was officially authorised to state that the question of the cotton taxes would be considered after the conclusion of the war, and the import duty would be raised and the excise abolished as soon as possible. In 1917 the import duty on piece-goods was raised to 7½ per cent., and in 1921 to 10 per cent., the excise remaining at 3½ per cent. Later in the same year the general tariff rate, including cotton piece-goods, was raised to 11 per cent., and in 1922 with the raising of the general rate to 15 per cent., cotton piece-goods and the excise were left unaltered at 11 per cent. and 3½ per cent. respectively and a duty of 5 per cent. was imposed on cotton yarn which had been free since 1896. Cotton is thus now well protected, but the excise duty survives with the presumption that it will be abolished as soon as financial considerations permit. The question is still a sore one, owing partly to the conflict of the interests of the piece-goods importer

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and the Indian mill-owner, and partly to the political prejudice on the subject which remains unburied, and there is probably a great deal to be said for the plea, recently voiced by the Indian Fiscal Commission, for a clean slate. The excise duty may in the existing circumstances be a necessary financial expedient, but even so it might be well to abolish it at once as an act of grace, and leave its re-imposition to a fiscally autonomous Indian legislature.

Fiscal autonomy is naturally one of the chief goals of the Nationalist movement in Indian politics, and with the conceding of the principle of self-government to India under the Montagu-Chelmsford Reforms Scheme, the granting of fiscal autonomy can only be a matter of time and degree. Political pressure has long been focussed on this point, and in 1916, in the early days of the war, it led to the appointment of the Indian Industrial Commission with Sir Thomas Holland as president. The war had strongly emphasised the value of industrial self-sufficiency and the Indian Nationalist was not slow to point the moral. The consideration of tariff policy was, however, expressly excluded from the terms of reference of the commission owing to the widely prevalent feeling that the tariff policy of the Empire as a whole should be reviewed after the war. Political pressure on this point was nevertheless continuous, and in October, 1921, as the result of the recommendation of a committee of the Imperial Legislative Council, the Indian Fiscal Commission was appointed. In the same year, in response to a resolution in the newly-formed Council of State in favour of fiscal autonomy, the Secretary of State, in a despatch to the Indian Government, formally accepted the principle of non-interference by the home Government in fiscal matters.

The Industrial Commission worked on the assumption that the old traditional English policy of *laissez faire* had been abandoned and that the Indian Government had definitely committed itself to a policy of interference in commercial and industrial matters, and that the only

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question was that of ways and means. It did excellent service in pointing out and emphasising the cardinal need in India of trained scientific experts, both for the larger interests of the country as a whole and in the interest of Government as an active, but hitherto somewhat inefficient helper in industrial enterprise. The Commission wisely pointed out that economy and proper co-ordination could only be secured by the concentration of the technical experts under the central Government, and proposed accordingly an Imperial Technical Service organised on the lines of the other Government services. The detailed organisation proposed is, perhaps, open to criticism, but the main suggestion is valuable and reflects the experience of other countries. Perhaps the most important result of the Commission's labours is the placing on record of a great mass of reliable information on industrial matters which had never been collected and correlated before. Protection is in many instances indicated by implication, and, reading between the lines, there can be little doubt of the Commission's definite leanings in that direction.

The Fiscal Commission, as appointed, consisted of eleven members, of whom seven, including the President, Sir Ibrahim Rahimtoola, of Bombay, were Indian, and four English. Of the latter, one member, Professor Keynes, of Cambridge, the Vice-President, was unable to come to India and took no part in either the proceedings or the completion and signature of the report. The report of the Commission is generally considered to be a compromise between the ardent protectionist views of the Indian members and the free trade leanings of the English. A ring of hollowness in the compromise has been disclosed by the publication with the main report, dated July 6, 1922, of a posthumous minute of dissent, dated September 5, the circumstances attending the compilation of which have given rise to a certain amount of criticism.

That the Indian Fiscal Commission should recommend protection was, perhaps, a foregone conclusion. Rightly

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or wrongly, and mainly for political and historical reasons, the opinion of the bulk of the educated classes in India is whole-heartedly protectionist; and it is important that the great and growing strength of this sentiment should be realised. Protection for India, even when combined with some scheme of Imperial Preference, means the sacrificing of British interests to Indian, and therefore a step towards fiscal and political freedom; and, always postulating a policy of rapid industrialisation at all costs, protection is economically as well as politically attractive. It is, perhaps, therefore, remarkable that the majority report of the Commission was able to advocate protection with restraint and a brave show of reasoning. The minute of dissent attacks this faintheartedness and calls for full-blooded championship of the cause, but contributes little else to the issues under examination. A compromise is not necessarily condemned because it is unattractive, and it is difficult to see what better results from all points of view could have been hoped for in the circumstances. The Commission accepts as a preliminary conclusion "that the development of India has not been commensurate with the size of the country, its population and its natural resources, and that a considerable development of Indian industries would be very much to the advantage of the country as a whole." After summarising the history of the tariff in India and making a show of an impartial examination of the arguments for and against the alternative tariff policies, the Commission roundly declares itself in favour of protection, but as a policy to be applied with discrimination on lines laid down in the report. The Commission fortunately recognises the "inevitable burden" upon the consumer and appears to be dimly aware of a background of hungry millions winning a bare subsistence from the soil and periodically driven to unrest and rioting over the increased prices of clothing and other necessities of life. Discrimination is therefore to be exercised in the industries selected for protection and in the degree of protection afforded, so as to

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make the burden on the community as light as is consistent with a policy of intensive industrialisation. The appointment of a Tariff Board is recommended as a permanent body which will exercise the necessary discrimination. To have a *prima facie* claim to protection, an industry must possess natural advantages such as will eventually enable it to face world competition unaided; and it must be in such a position that it is unlikely to develop at all or sufficiently rapidly without the help of the tariff. The eligible industries are thus reduced to narrow limits. As a natural consequence of the policy of industrialisation, raw materials and machinery are recommended for the free list, and semi-manufactured goods for use in Indian industries are to be taxed as lightly as possible. Industries essential for national defence are to be protected, and aid by means of bounties is recommended for "basic" industries. The cotton excise duty is unreservedly condemned, and export duties find no favour except as temporary expedients in extraordinary circumstances, such as a famine, when they are employed for a definite immediate effect. Imperial Preference is discussed, but with little enthusiasm. The sentiment is formally conceded, but the policy is declared, perhaps rightly, to be of little economic value to India. The final recommendation on this point is that preference on individual commodities should be applied with discrimination by the consent of the Legislative Assembly on the advice of the Tariff Board, and that any preference that it is possible to give should be given to England as a free gift, and to the rest of the Empire as one side of a bargain. The Commission declares itself in favour of an industrial bias in primary education. Foreign capital is accepted as a necessary evil, but the Government is recommended to confine its favours to companies incorporated in India, with rupee capital, a proportion of Indian directors, and a willingness to train Indian apprentices. Tariff wars are prudently deprecated, and the Commission recommends that the existing tariff be revised to remove ambiguities,

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and that the system of specific duties and tariff valuations be cautiously extended. The report thus starts its recommendations with discrimination and ends them with caution.

Had the report of the Fiscal Commission been really unanimous, the compromise it offers under the new economic formula of discrimination must have carried great weight. But the virtual recantation of the compromise by half of the members in the minute of dissent, with the President himself among the dissenters, destroys to a great extent the authority of the report. Even if the Indian Government could afford to appoint a second commission, such action would be absurd, and it is therefore most fortunate that the report, though now unauthoritative, has intrinsic merits, and recommends a policy which carries its own credentials in the actual circumstances in which India now finds herself. The first of these circumstances is the existence of a strong and almost universal protectionist feeling among educated Indians; and it is obvious that a fiscal policy directly opposed to this feeling stands little chance of practical success. Again, this feeling arises to a certain extent from a desire for rapid or intense industrialisation, and a late starter cannot reach this goal with rapidity by a free trade route. Another circumstance of considerable importance is the existence of protection in the majority of the other great trading countries of the world; and it would be impossible for India to ignore the recent rapid advance under the ægis of protection of such countries as the United States, Japan and Canada. Lastly, India has the primary qualification for the adoption of a protectionist policy, the physical capacity for ultimate self-sufficiency. She can accommodate and feed an enormous industrial population, and she can herself supply most of her raw materials.

The compromise in the actual application of the principle also possesses intrinsic merit. As far as can be foreseen, the recommendations of the Commission amount to little more than the recognition and legitimisation as protection-

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ist of the existing revenue tariff. The existing tariff would be modified in both directions so as to discriminate between competitive and non-competitive imports: and this rearrangement in itself would probably do nobody much harm, and would certainly injure the consumer less than is anticipated. The bulk of the modifications should in fact be in his favour. The Government also would presumably make the readjustment in such a way as not to decrease revenue: the importer would probably gain on the balance of modifications, and certain selected nascent industries would be directly benefited. If the policy was applied carefully prices would not rise to any very great extent, and the effect would be small as long as they were stabilised at the higher level. The main factor in the situation appears to be the Government revenue requirements; and, provided that these do not act as a brake on the reductions of duty on non-competitive imports, the new dispensation should not differ from the present one in its broad general effect. The second great merit of the report is that it at least by implication recognises free trade as the ideal and ultimate goal. The only industries that can claim protection under the terms of the report are those that are in need of temporary aid in the initial stages owing to keen competition from established industries abroad; and these industries are to be such that they will be able to dispense with their protection when they have come to maturity. The protected industries should thus be few and diminishing in number as they severally find their feet in world trade, and ultimately none should remain protected. Even under the free trade of this happy consummation, the revenue requirements of the Indian Government are still likely to necessitate a fairly substantial import tariff, and it is difficult to see how a real state of free trade can be attained except by a very considerable increase in direct taxation. It thus appears that the crux of the Commission's recommendation lies in the discrimination; and the greater the discrimination the smaller

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will be the departure from the existing state of affairs and the lighter the cost.

The prejudice among Indians in favour of protection has already been emphasised. The bulk of the European community on the other hand and of the British Chambers of Commerce in India is probably definitely in favour of free trade. There are, however, exceptions on both sides, as in business the line of division is not racial but occupational. The great British and Indian importing firms in Calcutta, Bombay and elsewhere generally favour free trade, and to these must be added a quota of Government servants, economists, journalists and other thinkers, who are staunch adherents to the traditional doctrine of free trade, while recognising, perhaps, the present political inevitability of protection. On the other hand, the manufacturers, both British and Indian, look to protection for increased profits.

II

THE tariff question has been considered at some length, as it is of considerable practical importance and liable to short shrift from British opinion, both in and out of India, owing to one of its most obvious but least important effects, the injury it is calculated to inflict on the British export trade and on the British import houses in India. The present general economic situation in India, as apart from tariff matters, now remains to be considered.

In 1864 the total value of Indian exports and imports was 87 crores* of rupees. In 1914 the value was 440 crores, which was the highwater mark, the figures of the financial years 1919-1920 and 1920-1921, of 535 and 592 crores respectively, only being higher owing to the decreased purchasing power of money. Of this volume of trade, in 1914, 25·1 per cent. of the exports went to England, 16·8 per cent. to the rest of the Empire, and 58·1 per cent.

* A crore of rupees is £666,666 6s. 6d.

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to foreign countries, and of the imports, 62·8 per cent. came from England, 7 per cent. from the rest of the Empire, and 30·2 per cent. from foreign countries, the five chief being Germany, Java, the United States, Japan and Austria-Hungary. In 1922 the exports to foreign countries had risen by about 4 per cent. and the imports from foreign countries by about 3 per cent., both at the expense of England. Germany was effaced from the picture during and for a time after the war, but is now in the field again, and has risen to the fourth place in the list of suppliers of imports, and is pressing on the heels of the United States and Japan, who occupy the second and third places to England. In normal times the balance of trade is in India's favour to the extent of some 30 crores of rupees annually. But the practical cessation of imports during the war has rendered the first few years of peace abnormal, and in 1921 the excess of imports over exports rose to Rs.89 crores, which in 1922 was reduced to Rs.44 crores, and should gradually decrease as the deficiencies in imported supplies of all kinds are made up.

The beginnings of modern industry in India might be dated back to the year 1853, when Lord Dalhousie, the then Viceroy, took a memorable decision in favour of a progressive railway policy. In the next year coal was being mined in the Raniganj field : and in the next jute was spun by machinery for the first time. In 1875 the Bengal Iron and Steel Company started its operations, which still continue, and the remainder of the century saw the consolidation of an industrial progress which has been continuous in all the provinces of India to this day.

The main industry in India is, and it is to be hoped always will be, agriculture.* In 1911 there were 224 million people, or 72 per cent. of the entire population, engaged in

* The statistics show 80 million acres of rice, 30 million of wheat, 23 million of cotton, 14 million of oil-seed, and 2½ million each of jute and sugar cane. There are over 300 cotton, and rather over 100 jute mills. Tanning is also an important by-product of agriculture.

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it, and of these some 90 million were direct workers. In the days when a good harvest depended entirely on the caprice of the monsoon, famines were frequent and often severe. The concentration of almost the entire rainfall of the year in four consecutive months serves to accentuate a seasonal variation from the normal and to make the incidence of famine over large tracts of country simultaneous and severe. In 1878 the Indian Famine Commission recommended increased industrialisation as one of the palliatives, and the transference of the marginal workers on the land and their dependents to industry is desirable from every point of view. In recent years, however, irrigation methods have been extended with such success that a real famine is now almost a thing of the past, its place being taken by periods of food shortage and high prices.

Considerations of space prevent a detailed review of mining and manufacturing. Coal is mainly confined to Bengal and Bihar, and of relatively inferior quality, but there was an output of 22 million tons in 1919, and the industry is growing. Steel making is in its infancy, but there are many favourable factors, and besides there are the lime and cement and the manganese ore industries, to say nothing of paper manufacture and other smaller and more recent developments.

Behind the factory industries there exists everywhere a network of cottage industries, which are of the greatest importance. Until comparatively recent times a geographical distribution of labour was impracticable. Each village had its own cotton growers and spinners, its blacksmith, and its leather worker, and these largely survive even to-day. To select an example, there were in 1911 approximately 2½ million hand-loom workers and dependents, and there are probably more to-day owing to political propaganda against foreign cloth.

Transportation is, on the whole, far advanced considering the size of the country. The railways are now slowly recovering from the shortage of stock caused by the war,

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and a large loan is to be devoted to extension and replacements. There has been a remarkable development of motor traction, and the ancient method of water carriage is still much used. A new scheme of importance is Vizagapatam harbour, half way between Calcutta and Madras. The Indian coast has no really safe port between the former place and Colombo, and Vizagapatam will not only provide this, but will be cheaper than Calcutta, and tap a large mineral and produce area in Central India; and with the increase of trade, which it will help, neither Calcutta nor Bombay port should be adversely affected.

In the first two years after the war, India, in common with other countries, experienced an intense industrial boom which was followed by a period, not yet over, of as intense depression. With the arrival of peace, she found herself with large arrears to make up. Existing industries had four or five years' replacements and deficiencies to be remedied, and there were a great many new industries waiting to start. The war had brought home the value of industries to a nation, and war-swollen profits had come to be looked upon as normal. Besides this, many industrialists had during the war been planning new enterprises. The result was that when the war ended the promoters were ready with their schemes and the Indian public with the capital. A period of lunacy followed, when money could be had for the asking for the wildest of ventures, and speculation passed all reasonable bounds. In inner business circles money-making was almost a mechanical process. Shares were taken up privately at par before appealing to the general public, and though never touched before they were resold to a clamouring market at a large premium. Fortunes were made in a matter of weeks, and cases are known of as much as Rs.20,000 a day being made for a long period. This was the golden age for new enterprises good or bad. Unfortunately many of the new companies floated were inherently bad, and many of the better schemes suffered from hasty preparation; over-capitalisa-

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tion too was rife, owing to the readiness of the public to subscribe whatever was demanded. The result was that when the reaction came the collapse in the share market was almost instantaneous. Fortunes were unmade as quickly as they had been made, and the losses were accentuated by the intrinsic low value of the shares of most of the new issues. The trade depression that had already started in Europe made itself felt with increasing acuteness in India, and business reached its low-water mark amid comparatively frequent liquidations and bankruptcies. For the last eighteen months the number of new issues has been almost negligible. The confidence of the public in Indian investments has also been further sapped by the political situation, which has recently appeared menacing. However, early in 1922, after the departure of the Prince of Wales from India, the Government adopted a firmer attitude towards non-co-operation, and since the arrest of Gandhi the outlook has greatly improved. The situation is likely to remain stable (apart from external causes such as Turkish crises) so long as the Government shows firmness in administration without negating the sympathetic and conciliatory attitude, which is and should be its prime concern: and it is probable that the recent change of Government in England will prove a steadying and beneficial factor in Indian political psychology. The restoration of confidence has been somewhat retarded by the disinclination of some of the big agency firms which fathered many of the new enterprises to cut the shareholders' losses by liquidating the unsuccessful companies. This attitude, which has of course been to the detriment of all concerned, is due to a mistaken regard on the part of these firms for their reputations and goodwill, whereas in actual fact liquidatory action would have resulted, and would still result, in an increase of public confidence in their management. There have also been cases of gross mismanagement, which deprived some intrinsically excellent ventures of the support of the public.

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Other difficulties are still numerous, and there is scarcely an industry that has not suffered from labour troubles, restricted railway facilities, and high production costs due to inefficient labour. Labour troubles are mainly the result of political agitation, and their remedy must lie in the political stability of the country and the education of labour to the stage of being capable of a certain amount of elementary thinking on its own account. Railway difficulties are likely to disappear with waggon deficiencies and the opening up of new routes and relief lines through the congested districts. Indian railway rates, which are among the cheapest in the world, may rise in the future, but, if this enables transportation to be improved, there should be no cause for complaint. The high cost of production is a more difficult problem. The remedy lies primarily in organisation and in labour. Scientific management and modern ideas on industrial efficiency do not appear to have reached India as yet. Many such ideas are, of course, inapplicable to Indian conditions, but the elementary consideration of efficiency in organisation is too frequently sacrificed to a conservative and often ignorant satisfaction with a present that barely differs from the past, which is characteristic of some of the largest Indian business houses. Because the existing organisation works well it does not follow that it cannot be made to work better. This is seldom realised, and the waste that goes on in some of the larger offices is appalling. On the labour side the difficulties are less easily remedied. The cheapness of Indian labour in even semi-skilled work is a popular fallacy which only needs the test of experience to be exploded. Indian labour as a whole is mechanically inefficient owing to the poor physique of the average coolie, which in its turn is largely the result of climatic influences and preventable disease such as hookworm and malaria. The latter should be largely eliminated in the course of time. Indian labour is mentally inefficient owing to the prevailing low standard of intelligence and the general lack

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of initiative ; and it is vocationally inefficient owing to lack of training and the absence of any hereditary predisposition to technical operations which have only called for Indian labour in the present generation. The total of inefficiency is serious, and the remedial measures must necessarily work slowly through the coming generations. Primary education must become a real factor, disease and predisposition to disease must be slowly eradicated and a new vocational attitude fostered in the suitable castes. The Fiscal Commission declares itself in favour of organisations for promoting the mobility of labour, but this is only a palliative and not a real remedy. What is required is not the transfer of hordes of labourers from their homes to some factory a thousand miles away—the industrialist cries “Thank God for a famine” because it gives him labour—but the gradual building up in the industrial districts, from natural and not forced accessions, of a labouring class suited to local needs, looking upon the neighbourhood as its home, and regarding factory work as its natural vocation.

No account of Indian industry would be complete without a reference to one of its peculiar features, the Managing Agency system, which appears to be dying out in Bombay, but still flourishes with some vigour in Calcutta. The system has had its advantages in the past and still has some, but there can be little doubt that from the public point of view they are outweighed by the disadvantages. With the advent of joint stock companies, the large trading firms established in India began to look to the public for money for specific enterprises, especially those of a speculative nature where the firm would prefer the risk to fall on others : at the same time they wished to preserve a portion of the profit for themselves without taking any direct financial interest in the company. On the reverse side, there were often promoters of small ventures who were glad of the backing of the name of one of the large firms and who saw material advantages in linking the larger

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organisation with their own. The outcome was the Managing Agency system. The system is loose in its application and the position of the managing agents varies from that of secretaries to that of managers or directors : but in practice the managing agents direct the directors, administer all the concerns of a company, and in some cases they have been actually known to take power in the Articles of Association to dispense with directors altogether. They generally get paid a fairly substantial fee, usually a fixed minimum with a commission on profits ; and the incidental profits from the ability to manipulate the finance of the various companies under management are very large indeed. In return for the fee, the managing agents, in addition to the performance of their prescribed functions, generally provide free office accommodation, etc., the arrangements varying widely in the different companies. The companies benefit to a certain extent by expert, but not always disinterested, advice, which they would otherwise have had to pay for or forgone, and they gain a certain amount from the goodwill of the managing agents' firm and have their resources to fall back upon in a crisis ; but there can be little doubt that the general results of the system, as usually administered, are injurious to the companies under it, though there are many honourable exceptions. It is difficult to see how the results could be otherwise, as it is impossible for a firm of managing agents to reconcile their fiduciary positions in regard to several companies when the interests of any of them are opposed, as they very often are. This difficulty is not eliminated by an appeal to the several directors, as the bulk of the directors are generally *ex-officio* representatives of the managing agents or are their nominees and it is rarely that an independent board is secured. The regrettable tendency among the less scrupulous firms is to regard the company as a goose to be plucked, mismanagement is concealed where possible, and the interests of the public are flagrantly disregarded. This is a severe indictment of the existing system, and though it must not be

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taken to apply universally, it certainly is justified in many cases. One of the most encouraging signs in the present situation is the tendency of public opinion, as representing the shareholders, to assert itself by taking such steps as are legally provided for looking after their rights. The matter is of greater importance than may at first appear, as the future of Indianised industry must largely depend on the traditions and training received from the present holders of the industrial reins. Looking at the situation from this aspect, there is cause for anxiety. The truth of the matter is that in the past in India money has been so easy to make that many large concerns have never been driven to the necessity of adopting sound business principles, conservative methods of finance or even a proper regard for their own ultimate interests : and incompetence and shady methods have too often been rewarded with large profits and the safety of retirement to another continent. If an *a priori* suggestion might be made as to the probable weak point in Indianised industry, it would be this very lack of responsibility in the direction and control of business : and with the existing examples to follow it will be difficult for the new classes of educated Indians, who are to be attracted to business with the industrialisation of India, to keep before their eyes that ideal of responsible public service which is the first requisite of any form of joint-stock management.

Without therefore looking further ahead than the present, it must be emphasised that the first condition of any real industrial progress in India is the strict enforcement and, if necessary, revision of the Indian Companies Act. Managing agents, who are not mentioned in or apparently contemplated by the Act, are generally legally treated as directors or secretaries according to their status and powers. But their very wide powers require strict definition and curtailment, their tenure should be subject to various legal safeguards, and the question should be seriously considered as to whether in the interests of the public their existing

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position and privileges should not be made illegal, and provision should in any case be made for a substantial share qualification and the disclosure of interests : and in addition to such amendments the general administration of the Act requires stiffening.

In conclusion, a word should be said about the main postulate of the recommendations of the Industrial and Fiscal Commissions and of the foregoing comments on them, the rapid industrialisation of India. This is primarily a question for Indians, and among them educated opinion is fairly unanimous in favour of the policy. At one time one of the main tenets of the Gandhi creed was a belief that material progress was vain, illusory, and immoral, as tending to draw the country away from the spiritual life : and in fact the *swadeshi* element in the Gandhist propaganda has always been directed to the encouragement of the simple cottage industries, the favourite example being hand-loom spinning. This view appears now to be undergoing modification, one of Gandhi's sons, in a recent interview, having admitted modern industry as a necessary evil. The Gandhist view, even with the background of the higher ideals of Hinduism and Buddhism, finds little practical acceptance in twentieth century India. The Western imagination may look back with regret to a golden age of agricultural content and self-sufficiency, which probably never existed : India looks forward with the hunger of centuries to a political ideal which includes industrial progress in the greater freedom. Discussion of the larger issues here raised is out of place, but a spectator may perhaps point to the golden mean which consideration of the broader aspects of the situation would appear to indicate. On the whole, it appears that a limited policy of industrialisation is desirable for economic reasons, so as to lighten the incidence of famines and stabilise employment and raise the general standard of living. Looked at broadly, the economic *desiderata* are the Indianisation of existing industry, steady expansion

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up to a point where the necessary food supply does not suffer by the depletion of the workers upon the land, and the steady extension of this limit by the introduction of scientific methods in agriculture leading to an increase in food production.

India. January 8, 1923.

CANADA

I. THE LIBERAL RÉGIME

THE King Government has now been in office for a twelvemonth, and some estimate of its performance may appropriately be attempted. It replaced a coalition Government whose conduct generally satisfied the country during the decisive year of hostilities and the period of demobilisation and treaty settlement, but which, though convicted of no serious offences either of omission or commission, with the passage of time inevitably accumulated a burden of popular weariness, dislike, or resentment. The new Government had made promises that might prove inconvenient, but it had no sins to repent; and, though elected by minority support, it might have expected to count upon the advantages which new administrations in Canada have hitherto enjoyed. Past Governments have been notoriously long-lived; they have usually grown in strength after election, and their declining popularity has frequently synchronised with a period of economic depression. The last consideration profoundly affected the fortunes of the Meighen Government in 1921, and as the reverse has been equally true, the economic revival of the past year, though slight and slow, might have been expected to enhance the prestige of Mr. King and his colleagues.

But there are ominous signs that neither this advantage, nor the tendency of powerful but quite impartial interests to rally to a new, presumably grateful, and possibly

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bountiful Government, has increased the Ministry's popular credit, and that it has been declining in public confidence since it took office a year ago. This result is doubtless due to a variety of causes. During the election campaign there was obvious evidence that not all the Government's supporters could find secure footing on the party platform, constructed with such *réclame* two years before, and not to be relaid if the low-tariff farmers of the West were to be successfully tempted to mount it. Mr. King usually departed from it to intone vague geographical variations on a theme of mingled commination and messianic hope; Sir Lomer Gouin ignored its existence. But though the Conservative wardrobe was successfully raided, the agrarian revolt was not quelled. Despite the ingenuous attempt of their quondam Liberal leader, Mr. Crerar, to bring the farmers to his footstool before a seat in the Ministry, and his masked skirmishing for the Government in the House, Mr. King has failed, except for two defections which now make the barest of majorities, to pin Liberal badges on the agricultural interest or attain the security he desires. However immoral repudiation of political promises may be, it is no new feature of democratic government; and as Mr. King may find precedent for his actions, perhaps he has added little to the cynic's political philosophy except a reminder that somewhat sanctimonious proclamation is not incompatible with rather transparent evasion. But apart from accusations of want of principle, there remain serious charges of lack of capacity.

When the Government took office the country had passed its nadir of the world-wide economic depression, the effects of which had probably been less severe in Canada than elsewhere; but there were as yet few signs of improved conditions. Business was stagnant. Agricultural prices had fallen tremendously. There was a seasonal period of unemployment more than usually severe. The national railways had for three years been burdening the national treasury with increasingly heavy

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deficits, and the approaching end of another fiscal year was anticipated with anxiety. But in the spring a feeling of confidence began to return. Business began to show some signs of improvement. Though grain prices remained low, the wheat crop was almost as bountiful as that of the unparalleled year 1915. Unemployment steadily decreased, and by the end of the summer it was no more prevalent than in the prosperous autumn of 1920. The end of the fiscal year (March 31, 1922) showed that the annual deficit on the national railways had been reduced; their charge on the public for the ensuing year was estimated at over thirty millions less than that for the year then past. Parliament felt justified in reviving an especially favourable pre-war scale of freight rates on western grain, and its action was followed by a substantial reduction of all other freight rates, despite both of which abatements the annual operating revenue will apparently be well maintained. The country seemed to agree with the pronouncement that as far as possible it must pay its way and avoid further borrowing; and it submitted not too unwillingly to the imposition of additional taxation, the returns from which, according to the figures at present available, have substantially justified the Government's anticipations. Without explanation this rapid survey of internal conditions may make it difficult to understand why the Government lacks popular support.

While the country has been slowly struggling out of the economic slough to firmer ground, there has been a growing feeling that it has received little assistance and no definite lead from the Government. It would be absurd to suggest that economic reconstruction could have been accomplished in a year, or that the Government was solely responsible for effecting it; but the charge against the Administration is that it has been animated by neither political principle nor national policy. Additional and irksome taxation has been imposed and, because of the necessity for revenue to meet the heavy obligations arising

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from the war, has been more or less unprotestingly borne. But as there has been no reduction of the swollen national expenditure, while the national debt has been increased during the past year by more than forty-five millions, there are grounds for discontent. Since the Government statistics show that during eight months of the present régime duties of \$88,702,155 were paid on imports valued at \$506,985,187, while the figures for the last corresponding period of the former Administration were \$78,447,495 and \$502,604,932 respectively, consumers may well be astonished by Mr. King's claim that the changes in the tariff are a partial redemption of his promise of general revision downwards. The western farmers demanded a central wheat-marketing agency, which they believed would partially offset the effect of their prevailing low returns by giving them a greater control of the sale of their product, and a greater share in the ultimate price; and the dire consequences to the Government of its failure or disinclination to provide any scheme except the unworkable one outlined in *THE ROUND TABLE* for September last,* were only diverted by the providential vastness of the crop. The Government promised a fair trial to operation of the national railways under public ownership, and has appointed as chairman of the board of directors Sir Henry Thornton, formerly head of the Great Eastern Railway in England, and of a branch of the Pennsylvania Railroad in the United States. He is generally unknown in Canada, but he can count upon popular goodwill if he avoids publicity, honestly and energetically tries to make the national railways a successful enterprise, and keeps them entirely free from political interference. The last may be his most difficult task, for there is no outspoken advocate of public ownership in the Government, and there are one or two avowed and powerful opponents. There have been some unpleasant signs of meddling, and the failure of the Government to dispense with a separate and expensive operating

* *THE ROUND TABLE*, No. 48, September, 1922, pp. 859-861.

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staff for the Grand Trunk system, which has now come under the control of the board of directors of the national railways, has aroused suspicion.

It seems to be the general conviction that the railways cannot succeed, or the country flourish, without increased population, and this involves a readjustment of economic conditions which will not only make the present inhabitants content to stay, but also induce other settlers to come. This is an essential though indirect way to the solution of the problem of population; dependent on it is the immigration policy adopted. And if the Government's action respecting the first has not aroused enthusiasm, its announcement regarding the second can only be described as futility. The conditions of a policy of immigration were so fully explored in the last number of *THE ROUND TABLE** that nothing need be said of them here; but no one can believe that they have been even dimly understood by a Government which proposes nothing more than propaganda to attract from Britain and Northern Europe agricultural settlers with sufficient capital to purchase or lease Canadian lands that have been alienated to private hands, and to recall expatriated Canadians from the United States. The country sees a stream of assisted British emigrants flowing to Australia and New Zealand, without any attempt being made by Canada to help others of the same type to settle here; and the conviction grows that those who are responsible for the inaction are not of the calibre to appreciate or discharge the present responsibilities of government.

As Mr. King is a former Minister of Labour, and as the present holder of that office, Mr. Murdock, is a former official of one of the most powerful of the international trade unions which overflow the United States boundary line, the relations of the Government to Labour have a special interest. The Prime Minister, as the author of the Industrial Disputes Investigation Act (which was a useful

* *THE ROUND TABLE*, No. 49, December, 1922, pp. 157-171.

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piece of legislation for some purposes, but on the supposed infallibility of which too much rhetoric has been spent), enjoyed a fashionable reputation for an interest in labour matters; and Mr. Murdock was counted upon to enlist for the Government the support of organised Labour. But their treatment of industrial difficulties has not been happy, and both may have learned, what the second should have known, that workmen, when they think they have a case and a chance of winning it, cannot be compelled by legislation to accept a necessarily dilatory investigation for an immediate right to strike. The Government has been faced with serious disputes in the two great coal-mining areas: the first, in Nova Scotia, began in January, 1922, and the difficulties were not adjusted until August; the second, in Alberta, began in December, and is still in progress. The first, which was initially mishandled by a conciliation board constituted under the Act, began as a "strike on the job." The Labour Members of Parliament suggested further investigation. This was at first refused by the Minister of Labour with the support of the Prime Minister until the policy of *ca' canny* was repudiated by the miners, but was immediately afterwards granted under pressure from the House. The dispute was not settled, however, and in August all the employees, including the pump men, went on strike. Though there had been no disorder, the Government, on whom the responsibility for the action lay, sent troops into the area on a somewhat equivocal local request. A grave situation was saved by the effects of the American coal strike, which created an American demand and higher prices for Nova Scotia coal, and led to sufficient concession of the employees' claims to induce them to return to work. The second dispute arose out of the miners' demand for recognition of their trade union. They claimed that a conciliation board constituted under the Act had failed to settle the dispute, and went on strike. To the Minister's insistence that they should have applied for an investigation before striking, they

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replied that it would be useless to ask further for a board in view of the fact that the operators had vowed they would not do business with the union. His advice, that he had yet to learn of any situation in which the principle of union recognition could be advanced by the declaration of a strike, was perhaps too much like Satan rebuking sin to be readily accepted. The strike continues, numerous arrests for picketing have been made, and the miners announce that they will flood the gaols in support of their rights. It may be imagined that neither of these two disputes has enhanced the Government's reputation with Labour.

External relations are a special field of Mr. King's, for besides being Prime Minister, he is Secretary of State for External Affairs, and during the past year he has dealt with two matters of special importance. The action—if it can be so termed—which he took during the Near East crisis was described in the last number of *THE ROUND TABLE*,* and as it will doubtless be extensively debated during the coming session of Parliament, final comment may be postponed. But it should be noticed that his dilatory desire for fuller information did not save him from criticism from friendly sources: a Liberal paper like the *Toronto Star* intimated that with the Treaty of Sévres before him, and the Press full for weeks of reports of Greek misfortune, Turkish success and ambition, and the course of French policy since M. Franklin-Bouillon first went to Angora, enough was known to suggest that the time to ask for complete official information was before events had progressed so far. The other important matter was disarmament on the international boundary waters between Canada and the United States, and Mr. King's *démarche* respecting it requires rather fuller explanation.

In July last, within a fortnight of prorogation, despite his belief in leaving the formation of policy to Parliament rather than determining it in the Cabinet, the country was

* *THE ROUND TABLE*, No. 49, December, 1922, pp. 176-7.

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surprised to hear that Mr. King was leaving for Washington to discuss with the American Government a more permanent disarmament of the international boundary waters. Canadians had imagined that their relations with the United States were on a satisfactory basis; and so far the only enlightenment they have received as to the main purpose of Mr. King's visit is contained in a personal statement which he issued to the American Press. Those peculiarities of style with which Canadians are becoming familiar make it rather long to quote *in extenso*, but, shorn of its last two paragraphs dealing with irrelevant matters, the statement is as follows:—

At the recent conference on disarmament no single aspect of international relations attracted more attention than the unfortified frontier of three to four thousand miles between the United States and Canada. Over and over again reference was made to the so-called Rush-Bagot agreement of 1817, under which armament on the Great Lakes and the St. Lawrence River was restricted to four vessels of 100 tons burden, each carrying not more than one eighteen-pound gun.

The significance of this agreement, providing as it has a means of escape from competitive arming, was dwelt upon not less from the point of view of what it has meant for more than a century in the saving of expenditure on armament by each of the two countries, than from what it has meant in the maintenance of friendship and goodwill between the people of the respective countries, and as an object lesson to the continents of Europe and Asia of new world methods in the maintenance of international peace.

World disarmament having made the important strides it has as a consequence of the recent Washington Conference and the leadership given the movement by Secretary Hughes, the present has seemed to the Canadian Government an opportune moment in which to approach the Government of the United States with a view to perpetuating the ideals which the framers of the Rush-Bagot agreement had in mind, by having permanence given to the essential principles underlying the Rush-Bagot agreement, through their embodiment in a formal treaty between the two countries respecting the limitation of armaments on the Great Lakes and the St. Lawrence River.

It was with the object of discussing this important subject in all its bearings with Mr. Secretary Hughes that the Prime Minister of

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Canada and the Minister of National Defence called at the State Department this morning. Each of the Canadian Ministers is well pleased with the sympathetic manner in which their representations were received by Secretary Hughes. Negotiations having been opened in this informal manner they will be proceeded with by correspondence in the hope of consummation of a formal treaty at an early date.

It might perhaps be remarked that the Canadian Government has recently consolidated its several branches of defence—militia, naval, and air forces—in one department of national defence. The effort of the Canadian Ministers to secure a permanent understanding with respect to armament upon the Great Lakes may be regarded as a part of the policy of the Mackenzie King administration to effect lasting economies in these branches of the public service. As the Rush-Bagot agreement stands at the present time, it is subject to cancellation by six months' notice on the part of either of the parties. It therefore lacks that element of certainty and permanency which is all-important with respect to matters pertaining to defence.

Exactly what provoked this extraordinary pilgrimage has not been disclosed. That it was a desire to sweep from Lake Champlain one 100-ton boat carrying one 18-pound gun, from Lake Ontario another, and from the Upper Lakes two more, is inconceivable. Without arousing or offending Canadian fears or susceptibilities the Canadian Government has occasionally authorised technical breaches of the agreement by the American Government, which has training stations on some of the Lakes; but no reference to this has been made by Mr. King, and it is perhaps unimportant. What is important, however, is the motive behind Mr. King's policy. Lord Castlereagh was the British Foreign Secretary when the Rush-Bagot agreement was signed, and was responsible for the instructions to Sir Charles Bagot, the British Ambassador at Washington. It might astonish even Lord Castlereagh's apologists to hear that he had ideals in mind when he issued his instructions; "Enthusiasm," said Lord Salisbury, "was precisely the ingredient which had been omitted in the composition of Lord Castlereagh's character"; but he had peace in mind. Permanence is doubtless a desirable

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quality of satisfactory arrangements in international affairs; but the veriest tyro in diplomacy knows that an agreement which has stood a century's test of the changing currents of international feeling is hoary with sanctity, and almost unique. When it has not only maintained peace in the region to which it specifically applies, but by the growth of international sentiment has, as Sir Robert Borden has publicly pointed out, had its principle informally extended to more vulnerable sectors several times more extensive, gratuitous tinkering with it is the offspring of folly or vanity. If Canada has saved money on armaments, maintained international friendship and goodwill, and given an object-lesson to other continents, she has not done these things by recasting the time-honoured monuments of her success, nor by election propaganda abroad.

It may be doubted whether Mr. King has the knowledge or temperament for successful diplomacy. One with more sense of realities would not have commemorated the third anniversary of the signature of the Covenant of the League of Nations (it was also the day the French marched into the Ruhr) with the following public statement:—

The League has prevented actual outbreaks of war in Europe. It has established a Court of International Justice and an international labour organisation which in the fields of politics and industrial relations have served to substitute good will for ill will in the settlement of international differences and the maintenance of industrial standards.

And a doubt arises whether Canada will be adequately represented at the next Imperial or International Conference.

The truth is that Mr. King and his colleagues have failed to realise that they belong to a political order whose usefulness has passed. They act, as do many of their opponents, according to conventions which have lost their validity. They are animated by vague sentimentality, a desire to placate and balance narrow interests, a fondness

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for the *status quo*. But Canada, as Mr. H. W. Nevins said of the United States, is "a land too large for concentrated indignation"; public opinion moves extremely slowly, and until a leader arises who shares the knowledge and sympathies of a generation which has brought its aspirations to the test of reality, and who can direct its energies to tasks requiring both vision and courage, Canadian politics are likely to present a series of dissolving views.

II. ASIATIC IMMIGRATION INTO CANADA

ONE is inclined to think, in a vague way, of Asiatic immigration as a Canadian problem, which causes anxiety to the people of Canada, and the peculiar difficulties of which lie in the necessity for reconciling national and Imperial objectives. But nine-tenths of the people of Canada care very little about the question, while for the people of British Columbia it is a vital issue, involving for some the continuance of the standard of life to which they have become accustomed, for all the future racial composition of the community with which they have identified themselves. And it often seems hard to convince the politicians of Eastern Canada of the seriousness of the matter.

When one approaches the question from a practical standpoint, one finds that there is not one problem, but three; that the relations between Canada and the three countries from which Asiatic immigrants have been received, China, Japan, and India, differ so greatly that each class of immigrant must be considered separately.

For the last forty years the Chinaman has been an important figure in the life of the province of British Columbia. Since his first appearance he has been the usual domestic servant and laundryman. Market gardening was the next occupation to attract him. In recent

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years he has shown a readiness to participate in the general industrial life of the country. There are some 58,000 Chinese in Canada, of whom 38,000 are in British Columbia. The Chinese are extensively employed in the industries connected with the manufacture of wood, and particularly in the shingle industry. They furnish about 25 per cent. of the employees in the canneries of fruit and vegetables; 12 per cent. of the employees of the fish canneries; 14 per cent. of the coal miners. They have acquired land in several of the fruit growing and vegetable growing centres and extend their holdings rapidly, as the white farmers prefer to live among people of their own race. They have invaded the retail trade, first as pedlars or hawkers of vegetables, then as small shopkeepers. In Vancouver and Victoria they own very considerable blocks of property, and some of them have amassed great fortunes.

This economic invasion has not been unopposed. As early as 1885 a head tax of \$50 was placed on every Chinaman entering the province. This tax was increased to \$100 in 1901, and to \$500 in 1904. The latter increase followed the report of a commission on Oriental immigration, and was intended to be a temporary measure to be replaced by a regulation of Chinese immigration by treaty. However, no treaty has been concluded, and the tax remains in force; for the last ten years the revenue from this source has averaged more than \$1,000,000 per annum. In 1919 an Order in Council prohibited the entry into Canada through British Columbian ports of skilled and unskilled labour. In form the rule applies equally to all nationalities; but in practice the question whether an intending immigrant belongs to the "labouring classes" has been decided by a local board from which there is no appeal except to the Department of Immigration at Ottawa, and the Department need not give reasons in support of its decision. The rule is therefore rigidly applied against Asiatics. Chinese immigration is, however, still possible. In the year ending in March, 1922, some 1,700 Chinese were

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admitted, of whom 114 were women, 500 children, and the rest "merchants."

There has never been any probability of the Chinese being received as permanent settlers and "assimilated." Though many of the Chinese are naturalised as British subjects, almost all look forward to returning to China. It is the exception for the Chinese to bring their women with them. Their rôle has been that of hired labour, and a large part of their wages has been sent to China for the support of dependants. In this way we may think of the Chinese in British Columbia as analogous to the Italians in the United States.

The Chinese have entered into competition with organised Labour in the mining and shingle industries, and later with the small farmer and with the retail merchant. As the two latter classes have become more and more strongly exclusionist the manual labourers have become more moderate. Instead of asking for exclusion they ask for the establishment of conditions of work, such as minimum wage laws, which will make the employment of Orientals, or of any other cheap labour, unprofitable. They point out that the farmer was glad enough to have cheap Chinese labour until he found himself confronted with Chinese competitors, and that the retailer liked Chinese customers. They express some contempt for an alliance that is obviously interested, and those of them who preach the class war cannot, at the same time, indulge in race hatred. There is a tendency to sympathise with the Chinaman as a fellow wage-slave. While a strong feeling in favour of a policy of substantial exclusion undoubtedly exists in the province, it is more widespread and, at the same time, less violent than in the years immediately preceding the war.

The position of the Japanese is radically different from that of the Chinese. They came to the province later. They came from a well-organised and powerful state, and are proud of their national traditions. They are, however,

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far more likely than the Chinese to become permanent settlers. They are ready to do their full share in promoting the welfare of the country of their adoption. Of the 18,000 Japanese in Canada, more than half are naturalised or natural-born British subjects. Some 200 Japanese served in the Canadian army in France, and of these 54 were killed and 131 wounded. The Japanese in Canada heavily over-subscribed their quotas of the war loans. Many of the Japanese who come to Canada bring their women with them, and the birth rate among the Japanese is relatively far higher than among the white population. The Japanese can claim to be better citizens than the Chinese. In 1921 some 200 white men and 600 Chinese were convicted for illicit traffic in narcotic drugs, while not a single Japanese was prosecuted. The Japanese seem ready to accept the economic and social standards of the community, but a form of assimilation which excludes intermarriage must be at best slow and incomplete.

All but 1,000 of the Japanese in Canada live in the province of British Columbia. The industries affected by their presence are lumbering, fishing, canning, pulp-making, mining, and agriculture. None of these, except perhaps fishing, is dependent for its existence on the labour of the Japanese, and certainly none of them requires further Japanese immigration to sustain it. There is some sentiment against the employment of Japanese by the Government or by big corporations, but there is nothing approaching a popular boycott of them. In agriculture the white competitors have found it advantageous to include the Japanese, and indeed the Chinese, in their trade combinations and in their co-operative enterprises. The Asiatics have the reputation of being very loyal to these trade agreements.

The restrictions on Japanese immigration have from the first been imposed by arrangement with the Japanese Government. In 1901 there were 3,500 Japanese in Canada, and at that time the Japanese Government issued

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no passports to intending immigrants. In 1906 the Canadian Parliament, assured that the Japanese Government was restricting immigration, ratified Canada's adhesion to the Treaty of Commerce and Navigation made between Great Britain and Japan in 1894. In 1907 a great influx of Japanese took place, and in 1908 an agreement was come to with Japan by which that country agreed to keep the number of *labourers* emigrating to Canada down to about 400 a year. The text of this agreement has not been published. A question arose as to whether the number fixed included relatives. For instance, 918 Japanese came in 1918, but of these 665 were technically relatives. In 1921 the Japanese Government agreed to adhere to a strict interpretation of the maximum. At no time, however, has the Japanese Government undertaken to control immigration from Hawaii. The Treaty of Commerce was again assented to in 1913, this time with a proviso that "nothing in the Treaty nor in the act (ratifying it) shall be deemed to repeal or affect any of the provisions of the Immigration Act." The treaty expires in 1923, but if not denounced continues in force until terminated by a year's notice. At present the Legislature of British Columbia is apprehensive that the Dominion may, by concluding a new treaty, tie its hands in such a way that a policy of total exclusion, or even of rigid restriction, may become impossible for another ten years. On December 5, 1922, a Resolution was unanimously adopted petitioning the Government of the Dominion of Canada

to grant its assent and accord its active assistance to the obtaining of an amendment to the British North America Act, giving the Province of British Columbia, at present the most affected, the power to make laws prohibiting Asiatics from acquiring proprietary interest, in any form whatsoever, in agricultural lands in British Columbia, in the timber lands of British Columbia, or in the fishing, or other industrial enterprises carried on within the Province of British Columbia, and from obtaining employment in any of the above-mentioned industries. (It was further resolved) that the Government of the Dominion of Canada be respectfully requested to grant adherence

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on the part of Canada to no treaty or binding international obligation, in any form whatsoever, having the effect of limiting the authority of the Provincial Legislature as set out by this resolution.

These resolutions put the feeling clearly that Asiatic immigration is a British Columbian question; that Eastern Canadian politicians are not trusted to treat it seriously; that the danger chiefly feared is that Asiatics may acquire a permanent foothold in the province; and that exclusionists hope for the support of organised labour and of farmers. Several causes contribute to make the question of Japanese immigration more important than Chinese or Indian: the national importance of Japan; the national sensitiveness of the Japanese; the tendency of the Japanese to become permanent settlers; and finally the anti-Japanese campaign which is being carried on in the United States.

The number of British Indians in Canada does not exceed 1,200, of whom 1,100 are in British Columbia. There is no Indian immigration problem. No one seriously wants more British Indians, and the Government of India, at the Imperial War Cabinet in 1918, definitely accepted the principle of restricted immigration or exclusion. The problem that does exist is the treatment of the British Indians already here. This problem would be simple enough were it not for the existence of the genuine immigration problems in the case of the Chinese and Japanese. But for these problems no one would raise any serious objection to the requests of the Hon. Mr. Sastri, that the Indians now in Canada be allowed to bring from India one wife each and the children of that wife (as provided by the resolution of the War Cabinet in 1919), and that they be accorded the franchise (which is withheld in British Columbia and *therefore*, in Federal elections, from British Indians living in British Columbia).

While Mr. Sastri's appeal convinced most reasonable people, and while many politicians expressed their conviction quite frankly, few politicians care to adopt the duty

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of presenting to the electorate a scheme which would of necessity arouse strong prejudice, and which would not command any active support from any great interest. The position of the Chinese and Japanese who are British subjects by birth or by naturalisation is very similar to that of the British Indian: it would be difficult to refuse to them concessions made to him; it would be imprudent to make concessions to them unless, as is the case with the British Indian, further immigration were precluded. These considerations explain Mr. Sastri's failure. Mr. Sastri seems to have been impressed with the fact that the citizens whom he met, including Labour leaders in British Columbia, received his arguments with sympathy. One must remember that it is easy in the course of an interview to express agreement in principle without having thought of the complications introduced by the presence in the country of British Chinese and British Japanese as well as British Indians; and one must admit that the local politicians are likely to be better judges of popular sentiment than Mr. Sastri. One must also remember that the idea that it is the duty of statesmanship to study these complicated problems and to convince the public of the rightness of the solution reached would be a distinct novelty in provincial, if not in federal, politics.

Canada. January 20, 1923.

AUSTRALIA

I. EXTERNAL AFFAIRS

The Turkish Crisis

THE Near Eastern crisis of last September raised important questions in Dominion relations. Mr. Hughes, it will be remembered, at once despatched an affirmative answer to Mr. Lloyd George's enquiry whether the Commonwealth desired to be represented with a contingent in the Imperial forces which might be required to defend the Neutral Zone at the Dardanelles. This, his instinctive reaction to the Mother Country's call for help, was generally approved. But no sooner was the reply despatched than Mr. Hughes, foreseeing the protest which the Labour party were sure to make in Parliament against his promise of armed assistance, instructed the Commonwealth representatives who were already at Geneva, "acting," as he afterwards stated in Parliament, "in concert with other representatives of the British Empire, to bring this matter (*i.e.*, the Græco-Turkish dispute) before the League of Nations." It is generally felt in Australia that Mr. Hughes could not have done otherwise than promise a contingent, but the subsequent discussion of the incident in Parliament and in the Press revealed not only strong opposition to a new war-after-the-war, but considerable discontent with the system which at present leaves the Dominions without any active part in the shaping of

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Imperial foreign policy, and exposes them to the risk of being involved in war out of mere loyalty to the Mother Country. It was in deference to the latter feeling that the instructions to the Commonwealth representatives were given. "We believe," said Mr. Hughes in Parliament, "that the League which was created to bring peace where there was war and to give mankind hope which hitherto had been denied it, now, if ever, ought to function." The rôle of the League, he thought, might be to summon a conference for the settlement of the Græco-Turkish dispute should the proposed conference under Allied auspices fail.

Mr. Hughes cannot be congratulated on his insistence on our Treaty rights when defending his Government's action. He was on much sounder ground in appealing to the Imperial interest of preventing, by a demonstration of Empire solidarity, the outbreak of a new war in the Balkans. Nevertheless the whole incident—the sudden threat of war, the request for help, and Mr. Hughes's reply without consultation of Parliament—may yet prove to have been not without influence upon the development of Imperial relations. The right of the Dominions and India to "an adequate voice in British foreign policy and foreign relations" is no doubt recognised in the Constitutional Resolution of the Imperial Conference of 1917, but beyond question no "effective arrangements for continuous consultation in all important matters of common Imperial concern," which the Resolution also desiderates, at present exist. There is, indeed, ground for believing that until the call for help reached him, Mr. Hughes knew no more of the approaching crisis than the man in the street. It is not surprising, therefore, to find candidates in the Federal Election campaign advocating the urgent need of the Dominions maintaining a Minister resident in London on the ground that this link with Downing Street is vastly more important than independent Dominion representation in foreign countries.

External Affairs

The Nauru Mandate

Australian opinion, never insensitive to external criticism, was unpleasantly jarred in August last when the Permanent Mandates Commission of the League of Nations commented unfavourably and in public on the *régime* prevailing in the Island of Nauru. Outside official circles, few people in Australia knew either of the existence of this Commission or of its statutory functions under the Covenant in regard to mandates. In a general way it was realised that the Commonwealth owed certain duties of good stewardship in regard to Nauru, but what these precisely were Parliament had had no opportunity of discussing since the debate on the Nauru Agreement Bill in 1919, which took place before the confirmation of the mandate by the Council of the League on December 17, 1920.

The discussions in Geneva before the Mandates Commission, summarily reported as they were in the Press cables, awakened general interest in the problem. Incidentally they have revealed certain easily remediable defects in the relevant Commonwealth legislation. The Australian public was shocked to learn that the Permanent Mandates Commission, "from information supplied by the Mandatory Powers," found ground for fear that the fundamental principle of the institution of mandates "might," as regards its application to this island, be prejudiced in two ways :—

(a) By the disproportion between the material wealth of the island and the small number of its inhabitants, which might induce the Mandatory Power to subordinate the interests of the people to the exploitation of the wealth; (b) by the reservation of the ownership and exclusive exploitation of the resources of this territory to the Mandatory Power which, in accordance with the Covenant, it should exercise on behalf of the whole League of Nations.

The Council, to which this report was made, refused, on Earl Balfour's motion, to adopt these animadversions since

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they were unaccompanied by the remarks of the Australian High Commissioner on the observations of the Commission, and passed the Commission's Report to the Assembly without ratification or disapproval.

What, then, is the position that excited in the Mandates Commission this apprehension of Australian disregard of treaty obligations?

Nauru Island, originally named Pleasant Island by its discoverer, Captain Fearn of the British ship *Hunter*, in 1798, is a small coral island of some 12 square miles in area, lying about 26 miles south of the equator in long. 165 deg. 55 min. East, and together with its nearest neighbour to the eastward, the British possession Ocean Island, contains by far the richest deposits of phosphate rock in the Pacific. But, unlike Ocean Island, its deposits are found in a central, somewhat elevated plateau which is neither populated nor food-producing, the natives inhabiting exclusively a narrow, fertile strip lying between the surrounding reef and the escarpment. Until 1906 the mining rights were vested in a large German chartered company, the *Jaluitgesellschaft*, under licence from, and nominal supervision by, the Imperial German Government. Deposits of phosphate rock having been discovered on the island in 1901 by Mr. Ellis, an Australian official of the Pacific Phosphate Company (a registered British corporation), the latter company in 1906 secured a transfer of all German exploitation rights from the *Jaluitgesellschaft*, and on the outbreak of the war was operating a privately-owned monopoly of the phosphate deposits on Nauru. The island was surrendered to H.M.A.S. *Melbourne* on August 9, 1914, and occupied by Australian forces from Rabaul, in German New Guinea, on November 5, 1914.

At the Peace Conference in 1919 the Principal Allied and Associated Powers constituted the British Empire the mandatory for the island, the British Empire Delegation subsequently deciding that the mandate should be exercised by Great Britain, Australia and New Zealand, acting

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on behalf of the Empire. The terms of the mandate were not approved by the Council of the League of Nations until December 17, 1920, while the island was still under British military occupation, and mention only "His Britannic Majesty" as mandatory, without specification of the agency through which the mandate should be received on that behalf. To mediate between the rival claims of Australia and New Zealand to exercise the mandate, an agreement had already been made on July 2, 1919, between the British Government and the Governments of these Dominions vesting the administration of the island in an administrator to be appointed by Australia in the first instance, for the period of five years, and thereafter in such manner as the three Governments shall decide. The administrator is vested with the entire legislative, administrative and judicial power, and is authorised to legislate by ordinance. As the three Governments had already arranged to purchase the mining rights and extensive plant of the Pacific Phosphate Company on Nauru as well as on Ocean Island for the sum of £3,500,000, the agreement further provides for the independent working and sale of the deposits by a British Phosphate Commission, in which the rights purchased by the three Governments were vested and on which the Governments are severally represented. The agreement was ratified and adopted by the Imperial Parliament on August 4, 1920, by the Nauru Agreement Act 1920 (10 and 11 Geo. V., ch. 27), which "confirms the agreement subject to the terms of Section 22 of the Covenant of the League of Nations," and in the Commonwealth on October 28, 1919, by an Act of the same title (No. 27 of 1919), which, however, omits all reference to the Covenant save in the preamble.

The position, therefore, is that while the mandatory of Nauru is the British Empire, the *de facto* exercise of the mandate is, by agreement between the Governments of three constituent portions of the Empire, conferred on an administrator to be appointed for five years by each of

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them in turn, and as regards the exploitation of the minerals, the three Governments by purchase have converted a privately-owned company into a publicly-owned monopoly, with this difference that whereas their predecessor, the Pacific Phosphate Company, might have sold the output to all and sundry at the best price obtainable, the output is now earmarked for the three Governments in a fixed proportion at cost price, any part of the allotment not required being sold at the world price and the proceeds thereof being carried to the credit of these Governments with the Commission.

The Permanent Mandates Commission drew attention to several apparent anomalies. (1) No official intimation had been made to the League that although the mandatory was the British Empire, the mandate was *de facto* exercised by the Australian Government; (2) "The disinterested spirit which should characterise a mandatory Power" appeared to the Commission to be but doubtfully fostered by the agreement for exclusive exploitation of the mineral deposits by the British Phosphate Commission on behalf of its three principals. This comment did not, it is true, arise on the terms of the mandate itself, which imposes on the mandatory no obligation to safeguard the economic equality of all members of the League of Nations. It was based rather on the conception of international trusteeship, and it was met by the verbal explanation of Sir Joseph Cook that 17 per cent. of the total output of phosphates in the year under review had been sold to countries other than the United Kingdom, Australia and New Zealand. Nor, as he pointed out, did the restrictions on sale imposed by the agreement effect any serious curtailment of the world's supply of phosphates, since the output from Nauru in 1920, though extraordinarily pure, amounted but to 350,000 tons, as against an output of over four million tons from the United States of America and two millions from North Africa. The three Governments, in fact, received no profit from the working of the deposits. The selling

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prices are so arranged as to provide interest and sinking fund on the purchase money found by the Governments, of which almost £3,500,000 is still owing, and which will not be wholly repaid until 1970. The main benefit to Australia and New Zealand is from assured supplies at prices which are not liable to be increased in sympathy with world prices. (3) Further matter for comment was found in the position of the British Phosphate Commission, which appeared to the Mandates Commission to be independent of the administrator, notably in regard to his labour ordinances. Sir Joseph Cook replied that the administrator was supreme, and in case of need would report to Melbourne, where appropriate steps could be taken to correct violation of his ordinances. (4) Finally, the Mandates Commission noted that, although the mandatory's report stated that there were 597 Chinese nationals on the island and an unspecified number of New Guinea natives imported under contract by the British Phosphate Commission for work in the phosphate fields, little or no information beyond the fact that the Chinese were restricted to living in designated areas was given as to the labour and other conditions of these coloured people. It was explained by Sir Joseph Cook that the Chinese had been introduced by the Pacific Phosphate Company in order to furnish the labour which the Nauru Islanders refuse to perform on their own island. Full information was promised in the next report, which will also no doubt deal with the problem of allowing these labourers to be accompanied by their wives. As for the general condition of the natives of the island, the Mandates Commission made no suggestion that the Administration has not performed its obligations under the Covenant.

This is not the place to touch on the somewhat intricate legal question of a mandatory's right to interfere with native land rights, a question which is common to all territories under the C type of mandate. The apparent anomaly whereby the Lands Ordinance 1921 empowers the

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administrator of Nauru to lease native lands and to expropriate them when they contain phosphates is explained by the fact that, although the phosphate-bearing lands are deemed to belong to the natives, the exploitation of their minerals in no way diminishes the area of cultivated lands. The natives do not live or depend on the phosphate lands, but on the narrow cultivated fringe between the reef and the central plateau. As the total area of the island is 5,000 acres, and the annual extension of the phosphate beds is approximately 7 acres, there is no ground for assuming, Sir J. Cook said, either that the agriculture of the island was being interfered with or that the future development of the native population was jeopardised. On execution of an approved lease the native owner receives £20 in cash, and the only allowable lessee, the British Phosphate Commission, pays to the owner a royalty of 2d. per ton, as against $\frac{1}{2}$ d. per ton under the German *régime*, and a further 1d. per ton to the Administration, to be held in trust for the natives. Although the payment may seem small in comparison with the mercantile value of the rock when treated, the native is entirely unable either to win or utilise the mineral. Moreover, once the mineral has been removed the phosphate bed is disclosed to be simply a series of coral pinnacles, in the interstices of which the deposits have been found.

The upshot of the discussion before the Mandates Commission was first and foremost to inspire the Commonwealth authorities with increased respect for the League of Nations. If the administrator's report for the period ending December 31, 1921, was meagre, the guess may be hazarded that the next report will leave nothing to be desired in point of fulness. In the second place, thinking Australians have awakened to the constitutional anomaly which removes the administration of Nauru from any Parliamentary control, either in the United Kingdom, New Zealand or the Commonwealth. The expenses of the administration being charged against the sale of phos-

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phates, are not borne on any estimates. Moreover, in the Commonwealth, the ordinances of the administrator, while they may in fact be made in concert with the three Governments concerned, are not presented to Parliament for approval. Nor were they even communicated to Parliament, except as appendices to the administrator's report. This anomaly the Commonwealth Government would do well to remedy at once. Australian sentiment naturally resents a criticism of the administration of Nauru which while, strictly speaking, it applies only to the Commonwealth Executive, nevertheless affects the Commonwealth electors in the eyes of the world, while they have no means of exercising control through their elected representatives.

II. THE FEDERAL ELECTIONS

THE Federal elections which are to be held on December 16 are of unusual interest, because certain factors enter into them which have been present in previous elections only to a limited degree. For more than a decade in Federal politics the chief issue has been between Labour and a party which may be termed "Anti-Labour." But now the various forces which are opposed to Labour are divided against themselves; the Nationalist Government will have a hard fight to retain office, and it is by no means impossible that a new grouping of parties in the House may emerge and Mr. W. M. Hughes may fall. To understand recent developments it is necessary to remember the genesis of the Nationalist party. In Australia, both in the Commonwealth sphere and in most of the States, coalitions were established during the war, and their subsequent histories have very much in common. The motive was in each case the same, the vigorous prosecution of the war, and the immediate occasion was the split of the Labour party in 1916 over the question of conscription.

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Those members of the party who advocated compulsory service were expelled and allied themselves with the Liberals. It should be noted that although the Labour recruits to the coalition numbered nearly all the most able and experienced leaders of the movement, the Liberal element in the coalition was, at any rate numerically, very much the stronger of the two. The exigencies of war compelled the Government to assume all manner of additional responsibilities. It was invested with very wide powers by the War Precautions Act and exercised them freely. Government control was established in certain industries, and there was extensive interference in trade and commerce. The Government became a shipowner on its own account and embarked upon an ambitious programme of construction. All these measures, involving as they did State ownership and control, were quite in keeping with the traditional policy of Labour, and called for no change of principles on the part of Mr. Hughes and his fellow Labour-Nationalists. The Liberals acquiesced in them, though perhaps with some searchings of heart, as being necessary in an emergency. But they were not to be regarded as a precedent. The Liberal supporters of the Nationalists were under the impression that these measures would be dropped as soon as possible after the emergency had passed. This expectation was not fulfilled. The repeal of the War Precautions Act was unduly delayed. The control of many important commodities continued. Parliament, which had acquired the habit of self-effacement during the war, seemed in no hurry to assert itself again.

All this has caused a certain amount of disaffection in the Nationalist camp, and in the last resort has led to secessions and the formation of new (or the resurrection of old) parties. The first to break away was the Country party, which was dissatisfied with Nationalist administration on several grounds. Economy in administration has never been Labour's strong suit, and Mr. Hughes, though head of a Nationalist Government, was still imbued with the

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tradition. The Country party condemned him for his extravagance. Again, this party insisted that the primary producer had not had a fair deal from the Nationalist. In the 1917 elections there had been but two parties, Nationalist and Labour, and the former had been returned with an overwhelming majority. In 1919 there were three. The Country party went to the electors as a separate entity, and among its candidates were several who had been elected to the previous Parliament as Nationalists. It received substantial support, and in the Parliament which has just expired was further strengthened by secessions from the Nationalists and by victory in a by-election. It has been a sharp critic of the Nationalist Government, but has never voted as a party *en bloc* against the Government. It can claim that already it has justified its existence, and can point to certain reductions in expenditure and in the duties upon wire netting and agricultural machinery as a proof of its influence. In the approaching elections it hopes still further to increase its power. Recently an attempt was made to bring about a *rapprochement* between the Nationalists and the Country party. Since then the Nationalist organisation has definitely advised Nationalist supporters to give their second preferences to Country party candidates, and has urged the Country party to recommend a similar accommodation. Until the last week of the campaign the Country party refrained from interfering with its supporters' free discretion.

The Nationalists have not only Labour and the Country party arrayed against them. A novel development in this election is the resurrection of the old Liberal party as an independent unit. South Australia led the way. In this State the dissatisfaction with the Nationalist Government has been accentuated by certain local causes. In South Australia the suspicion prevails that the Commonwealth is anxious to extend its powers by means which are not wholly fair to the States, at least to those which have smaller populations. An example given is the Prime Minister's

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insistence on a population basis as opposed to a State basis of representation in the Federal Convention which he advocated in 1921. Again, South Australia has a grievance, or the possibility of a grievance, in the matter of the North-South trans-continental line. South Australians contend that by the Act by which the Northern Territory was taken over by the Commonwealth, the latter is definitely pledged to what is known as the direct route, but another route farther to the east, deviating into Queensland, has many champions, and South Australia fears that her interests may be sacrificed. And in general there is a feeling that the Government is too prone to favour the Eastern States and to neglect the others—the fact that Queensland, New South Wales and Victoria together send 58 members to the House of Representatives out of a total of 75 might explain the partiality. However that may be, the South Australian Liberals have already shown that they are a force to be reckoned with. In the State elections early in 1921, risking a split vote, they ran their own candidates for the Lower House, and not only almost exterminated the Nationalist party, but were returned with a substantial majority over all other candidates. This performance they hope to repeat in the Federal elections in December. Efforts have been made by the Nationalists to induce the Liberals to support all the Nationalist candidates in South Australia, but they have been fruitless. The difficulty has centred round certain Nationalists who formerly belonged to the Labour party and followed Mr. Hughes into the coalition. The Liberal Union declined to support these unless they joined its ranks. This they were unwilling to do for various reasons involving questions both of principle and expediency, and in consequence, with one exception, all the retiring Labour-Nationalists in South Australia will be opposed by Liberals as well as by Labour candidates. Mr. Hughes has announced that he will support all members of his party in the late Parliament whether supported by the Liberal Union or not.

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The example set by the South Australian Liberals has been followed in Melbourne, where the Liberal Union has broken away and is running candidates in opposition to the Nationalists in several urban and suburban constituencies. For some time Mr. Hughes has not been exactly a *persona grata* in Melbourne. The Melbourne Press is frankly hostile to him, and he has retorted with characteristic vigour. Moreover, Victoria possesses a strong Liberal tradition; in it alone among the States a Labour Government has never held office, and many Victorians dislike the presence of the Labour element in the National party and the autocratic tendencies of its leader, and the disposition of the Nationalist Government to go ahead with the construction of the Federal Capital. Meanwhile Mr. Watt has emerged from his political seclusion, and it is suggested that he will lead the resurgent and insurgent Liberals. Mr. Hughes thinks lightly of their prospects and dismisses them with a wave of his hand as “reactionaries” and “fossils.” Still, they are in alliance with the Country party; they have the Press behind them, and the capture of a very few seats by this combination might make Mr. Hughes’s position untenable. It has been estimated that in the Commonwealth there are ten constituencies in which a total turnover of approximately 3,000 votes would entirely alter the composition of the House.

In fine, it would seem that the secessions from the Nationalist party are due to several causes. In general there is a feeling among the disaffected that the coalition has served its purpose and that the time has come for a return to independent political alignments. In particular the National Government has exposed itself to the most damaging criticism over the Sugar Agreement, the Wireless Agreement, the grossly inefficient management of the War Service Homes, the interference in industry and other matters to which reference has been made in previous articles. Another and by no means an unimportant factor in the disintegration is personal antagonism to Mr. Hughes.

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It is conceived that this is a propitious moment for an assertion of independence, because for the time being at least Labour appears to be a spent force. In New South Wales and Queensland, which are now the chief strongholds of Labour, its political stock has fallen. In New South Wales Labour was decisively beaten in the State elections last March. In Queensland it is still in power, but only thanks to a system of distribution which gives it a bare majority of seats, although at the last election the party received an actual minority of votes. The Liberals and Country party are confident that they can challenge the Nationalists in a triangular duel without improving Labour's chances. There has also been a revolt, though far less widespread in character, in the Labour party. Mr. J. H. Catts, a former Labour Whip, has founded a new party, "The Majority Labour Party," which has attracted some small measure of support from the intelligentsia of Labour. But its candidates are few in number, and are only contesting industrial constituencies in Sydney. All the leaders have delivered their policy speeches, and all were rather colourless efforts. Mr. Hughes recapitulated the services rendered by his party and himself to Australia in an address in which he spoke with unusual restraint and which has been described by many as "tame." He made the usual promise of the usual convention to consider constitutional amendments. He declared for the retention of compulsory arbitration, although he admitted that round table conferences and industrial tribunals were better in the first instance than the industrial litigation of the Arbitration Court. He announced that the control of the coal industry by a Federal tribunal would be discontinued at the end of the year. He also said that no new construction will be undertaken for the Commonwealth Line of Steamers, and that the management of this line will be placed beyond the reach of political interference. But for the rest, there is nothing in his speech to arouse either enthusiasm or condemnation. Dr. Earle Page, the leader

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of the Country party, which is contesting 29 seats in the House of Representatives out of a total of 76, was equally unsensational. The three principal planks in the platform of the Country party (which in New South Wales is closely associated with the New State movement) are economy, decentralisation, and the encouragement of primary production.

The third important policy speech, that of Mr. Charlton, leader of the Labour party, was also unspectacular. It was quite moderate in tone. Mr. Charlton condemned the administration of the Nationalist Government. He maintained that immigration should be discontinued while there was unemployment in Australia. He proclaimed his party's hostility to the policy of secret diplomacy and subservience to "instructions," with which he credited the Nationalists. He advocated various measures of social reform such as increased old age pensions, national insurance against sickness, unemployment and so forth. He also threw out the suggestion that if wages are to be reduced in consequence of the increased purchasing power of money, the interest on Commonwealth loans should also be reduced. This, however, though it may influence a few votes, need not be taken as a serious statement of policy. The proposal would hardly commend itself to those of his followers who hold Commonwealth stock. It may be noted that before effect could be given to some of the proposals for social reform an amendment of the Constitution would be necessary, so Labour cannot promise any immediate benefit with regard to these. Also Mr. Charlton said that their cost would be met by economies in expenditure on defence, although this has already been reduced to the lowest point consistent with national security—if not farther. The announcement that Labour, if returned to power, will repeal the compulsory clauses of the Defence Act for which a Labour Government was originally responsible indicates a significant change in the outlook of the party.

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An examination of the policies of the various anti-Labour parties reveals no radical differences of principle. On minor issues they may disagree, but fundamentally they have much in common with each other. The return to power of Labour, animated by its present doctrines, would be a contingency equally unwelcome to the three. The Liberals and the Country party resent the Government's excursions into trade and interference with industry, but the propensities of the Nationalists in this direction are mild compared with those of the Labour party, to whom State enterprises and control are as the Ark of the Covenant. The Country party may condemn the extravagance of the Nationalists, but a Labour Government would offend more grievously still; economy is a term which is not found in the vocabulary of a Labour administration. The Liberals and Country party attack the Nationalists for their failure to reduce taxation substantially, but they know well enough that if the Nationalist tax gatherer has chastised us with whips, a Labour tax gatherer would chastise us with scorpions. As has been suggested before, the chief cause of the disintegration of the Nationalist party is personal. It is to be found in the distrust of Mr. Hughes. No one questions Mr. Hughes's ability, but there are many who do not trust him. The history of the first coalition in New South Wales has repeated itself on a greater scale in the Federal arena, and in both cases personal hostility to the ex-Labour-Nationalist leader has been largely responsible for what has happened. Mr. Hughes has the faculty of inspiring the extremes of devotion and antagonism. His dictatorial methods and his biting tongue have alienated many who, more diplomatically handled, might have continued to support him. The general opinion is that if the Nationalists do not secure an absolute majority as a result of the elections, Mr. Hughes's reign will come to an end. Even should an absolute majority of Nationalists be returned, his position is by no means assured, for there is a cave in the Nationalist party of members who have not

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formally renounced allegiance but who would be glad to see Mr. Hughes deposed. If the Nationalists do not gain a clear majority, there will have to be some sort of a combination among the anti-Labour groups in the House, for it is doubtful whether either the Nationalists or the Country party would entertain the idea of forming a Government which could only exist by sufferance of the others. It is said that in such a combination, whether it amounted to a positive alliance or was merely in the nature of a working agreement, Mr. Hughes would be excluded from office. Perhaps the wish is father to the thought.

Australia. December 13, 1922.

The Federal elections have taken place since this article was written, and there are now virtually 46 non-Labour members. The results are as follows:—

Nationalists	29	Liberals	2
Labour	29	Independent ..	1
Country party ..	14		

Further, on February 2, Mr. Hughes resigned. His negotiations with the Country party had failed, and that party had declared that it would not support any administration of which he was the head. Mr. Stanley Bruce, formerly Treasurer in the Hughes Ministry, has formed a Government.—EDITOR.

SOUTH AFRICA

I. THE POSITION OF PARTIES

BEFORE this article can reach London Parliament will have met. The proposed legislative programme is short, but it will be quite long enough to give the Opposition a chance of making a determined effort to oust the present Government. The position of the Smuts Ministry is not strong. Its majority over the two other parties combined now has been reduced by bye-elections to twelve, so that the loss of another six seats would spell disaster.

Politically the South African party has been successful in showing that large masses of English and Afrikaans-speaking South Africans can act together. Economically it has been less effective, as has been pointed out in *THE ROUND TABLE*.^{*} In this field, where the greatest unity of aim and purpose was needed, it has shown some of the weakness of a coalition. Bad times, ceaseless Labour and Nationalist propaganda, the storm of the Rand rising early in 1922 and, above all, the absence of any policy capable of firing the imagination of the electorate have steadily sapped its strength in the country. There is, to-day, a large mass of urban voters who have little confidence in the present Government, but who hesitate to go against it for fear lest a worse thing might befall.

An attempt to meet this difficulty has just been made by the formation of a Democratic Reform League by Mr. McKeurtan, an able Natal South African party politician. The League disclaims any intention of causing a split in the South African party ranks; its aim is rather reform from within, an infusion of greater energy and imagination

^{*} On this subject, see *THE ROUND TABLE*, No. 46, March, 1922, p. 425.

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into the somewhat placid frame of the party itself. Its appeal is directed to Young South Africa. Most of its principles are unimpeachable from the South African party point of view. But the main plank in the platform is the reconstitution of the Union in such a way as to provide fuller local autonomy. In other words, the League, with its headquarters at Durban, is reviving the old Natal desire for federation, rather than union, in a new guise.

As against the Ministry the Opposition is hardening. For some time past the Nationalist and Labour parties have been acting together in Parliament. Semi-official Nationalism played its part with Labour in the Rand rising and, in April, 1922, General Hertzog definitely stated that the two parties would co-operate at the next elections to defeat the Ministry. It seems clear from the speeches of the party leaders of both wings that there is to be no fusion, but merely a joint effort to overthrow the Smuts Government. What is to happen then is not so clear. Meanwhile there are sufficient bonds of union to make this joint opposition very dangerous to the Ministry. There is a common personal hostility to the Premier, a common hatred of Capitalism, as a system on the part of the more vigorous Labour men, as an emanation from overseas on the part of the Nationalists. Above all there is the fact that an increasing number of the white working-class is Afrikaans-speaking, 75 per cent. according to General Hertzog, and even if that figure be reckoned too high, there is no doubt that they form 80 per cent. of the workers on the Rand. Most of these men are Nationalists and in no sense Socialists, but they would vote Labour if no Nationalist candidate was available. On the other hand, there are a large number of English-speaking voters in the towns who, as the Nationalist leaders recognise, are beginning to understand the Nationalist point of view, but who are not prepared to vote either for Socialism or for Secession.

Hence determined efforts have recently been made by

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some of the Nationalist leaders to push Republicanism and Secession into the background. Their Cape Colony leader claims that Republicanism has never been officially adopted as a policy at any Party Congress, and that Secession ought never to have been used without definition. Others in the North speak less certainly on this issue, but the general effect is to relegate Secession from the class of immediate objects to that of ultimate ideals.

A similar process has been taking place in the Labour party. There has always been a Communist wing of that body, but many Labour men are by no means convinced Socialists. Nevertheless Socialism has formed part of the political programme. With a view to making co-operation easier with the Nationalists, whose main strength lies in the country districts, and in the hope of winning the support of many urban voters to whom Socialism is anathema, Colonel Creswell proposed the deletion of the Socialist clause. The proposal caused something of a sensation, and Creswell had to come down to Cape Town to appease the peninsular Labour leaders. The real battle has just been fought out in the Labour Conference at Durban. Colonel Creswell found much support, but the opposition, led for the most part by Cape and Natal members, was so strong that the necessary two-thirds majority could hardly have been obtained. The amendment was referred to a Committee, whose report was adopted. The new clause is for the most part Colonel Creswell's draft with the addition of "the ultimate achievement of a democratic and socialist commonwealth." This compromise is hailed by the Colonel's opponents, Labour and other, as a defeat for him in that the vital word "socialist" is still retained. Colonel Creswell no doubt intends the emphasis to be on the word "ultimate." On this reading of the new party formula Socialism, as an aim of official Labour, has taken a long step into the dim future. Meanwhile, in the present, Labour has taken a step which brings it appreciably nearer its Nationalist ally.

Commissions on Strikes and Disturbances

II. COMMISSIONS ON STRIKES AND DISTURBANCES

THE reports of the two Commissions—the Mining Industry Board and the Martial Law Commission—appointed in connection with the strikes and disturbances of last year have been published. It will be recalled that the Commissions were so constituted as to give exceptional weight and authority to their findings. The Mining Industry Board, over which Sir William Solomon, one of the judges of the Appellate Division, presided, included Mr. William Brace, Labour Adviser to the British Board of Trade; Sir Robert Kotze, the Government Mining Engineer; and Sir Carruthers Beattie, Vice-Chancellor of the University of Capetown. The Martial Law Commission consisted of two senior judges, both of the Cape bench, Sir Thomas Graham, and the late Sir John Lange, whose lamented death has occurred since the report was published. The questions referred to these two Commissions were stated in *THE ROUND TABLE**: the first was required to deal with the industrial questions at issue in, or arising out of, the strikes, and the second with the justification for the declaration of martial law on March 10, 1922, the causes, character and aims of the revolutionary movement, and the steps taken for its suppression. As regards findings of fact the result of the two enquiries is, in the case of the first, a verdict for the employers, and in the case of the second, a verdict for the Government. Readers of *THE ROUND TABLE* who recall the accounts given in this section of the genesis of the strike on the gold mines in January, 1922,† and of the revolutionary movement in which it ended in the following March,‡ will not be surprised at these verdicts. But though confidently

* *THE ROUND TABLE*, No. 47, June, 1922.

† *THE ROUND TABLE*, No. 46, March, 1922, p. 428.

‡ *THE ROUND TABLE*, No. 47, June, 1922, p. 663.

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anticipated they have naturally proved unwelcome to the two Opposition parties, Nationalist and Labour, to some of whose members the Martial Law Commission apportions a large share of responsibility for the revolutionary movement, and full notice has been given, on behalf of both parties, of their intention to attack these verdicts in the coming session of Parliament.

The Mining Industry Board, while holding that the proposals of the employers which were made the occasion of the strike were fully justified, finds some ground for criticism in the procedure adopted by the employers at certain stages of the different disputes, and emphasises the importance of the fullest information being furnished to employees, and ample opportunities of discussion being given in order to make clear economic considerations which may render necessary reduction of wages or other alterations in terms of employment. On the constructive side the most important work of the Board has been the drawing up, in consultation with representatives of the three industries concerned (gold mining, coal mining and power supply), a scheme for setting up new conciliation machinery of a permanent character. In this scheme the trade unions are given full recognition, and, if the workmen so determine, all their business connected with the Conciliation Boards can be undertaken by the trade unions on their behalf: on the other hand, if the trade unions decline to co-operate, the Conciliation Boards can function without their assistance.

This scheme has, by consent of all parties concerned, been in operation since October 1, 1922, and the limited experience so far gained of its working has been satisfactory. Some legislation will be required in the coming session in order to amend provisions of the Transvaal Industrial Disputes Prevention Act which, if applied, would conflict with the working of this voluntary conciliation machinery.

So far as the questions specially affecting the gold mining

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industry were concerned, which were the most controversial of the problems referred to the Mining Industry Board for decision, the Board necessarily traverses a good deal of the ground already covered by the Low Grade Mines Commission, and their report, generally speaking, endorses the findings of that Commission, which have previously been summarised in *THE ROUND TABLE*,* on those questions which were included in both references. On the question of the "colour bar," which was the central point of controversy in the strike on the gold mines, the reference to the Mining Industry Board was more limited in scope than that of its predecessor. As previously explained, there was at the time when the Low Grade Mines Commission conducted their enquiry both a "legal" and a "conventional" colour bar: regulations purporting to be made under statutory authority contained a list of occupations from which in the Transvaal mines coloured men were to be excluded, and these regulations constituted the "legal colour bar": an arrangement supplementary to these regulations had been made between employers and employees in the gold mining industry under which it was agreed that the *status quo* as existing on each mine on a certain date in 1918 as regards the relative scope of employment of European and coloured employees should be maintained: this arrangement, known as the *status quo* agreement, operated as a "conventional colour bar" which gave further protection to Europeans in certain skilled occupations, and also prevented any extension of the use of coloured labour in a number of semi-skilled occupations on the gold mines.

The Low Grade Mines Commission dealt with the whole question of the colour bar, and by a majority recommended the abolition of the legal colour bar, and the extension of the native's sphere of work after consultation and in agreement with the trade unions. The Government did not give effect to this recommendation, and it was the proposal

* *THE ROUND TABLE*, No. 46, March, 1922, p. 428.

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of the Chamber of Mines to modify the *status quo* agreement (the conventional colour bar) by confining the restrictions involved on the use of coloured labour to skilled occupations only that excited the most vehement opposition of the trade unions concerned, and gave the strikers their battle cry of "a White South Africa." The Government in the course of the strike made it perfectly clear that they had no intention of interfering with the legal colour bar, and this subject was therefore excluded from the reference to the Mining Industry Board, which was, however, asked to report on the whole question of the conventional colour bar as embodied in the *status quo* agreement, and also on the desirability "of establishing any system for regulating the ratio of European to native labour in the gold and coal mines of the Transvaal."

The Board holds that the Chamber of Mines was justified in terminating the *status quo* agreement, and expresses a decided opinion against any extension of the legal colour bar, and also against any attempt to fix by any artificial means a ratio between coloured and European labour on the mines. At the same time the Board recognises that the undertaking offered by the Chamber of Mines to maintain for two years an average ratio of 10·5 natives to one European over all the Witwatersrand gold mines has some value in reassuring the workmen and the general public, and recommends that the undertaking should be accepted for what it is worth, and should be strictly observed. On the general questions of the relations between white and coloured labour on the mines, and the prospect of future encroachment by natives on what has hitherto been regarded as "the white man's sphere," the Board reports as follows :—

It is as well to emphasise here that it is only in regard to the semi-skilled occupations that there is any likelihood of an encroachment of natives in the near future upon the sphere of white labour. In the skilled branches of work the European is safely entrenched by his superior ability and intelligence and the skill acquired mainly by

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the discipline of a long apprenticeship. In the past the native has made no inroad upon this department of work on the mines, and there is no reason to anticipate that he will do so in the near future. Again, in the unskilled occupations, for economic reasons, it is, in our opinion, impossible for the white man to compete with the native. When, however, we come to the intermediate sphere of labour, to the so-called semi-skilled occupation, it is impossible to close one's eyes to the fact that there is a real danger to the European of this field being more and more extensively encroached upon by the native. The evidence satisfies us that much of this work can be done almost, if not quite, as efficiently by the native, so that, in view of the great disparity in the wage, there will necessarily be a strong inducement on the part of the mine managers to make use of black rather than of white labour. This, however, is a matter which, we think, must be left to the discretion of the individual managers, nor is there, in our opinion, any justification on that account for placing restrictions upon the exercise of their discretion by such artificial means as the revival of the *status quo* agreement. The real remedy lies in the direction of extending the field of industrial labour, not of hampering the management by artificial restrictions. The manager should be left as free as possible to conduct his own mine as he thinks best, and the less that he is interfered with the better it will be for the industry in the long run.

As showing the immense importance to the future expansion of the gold mining industry of such a reduction of working costs as will bring low grade ore within the range of profitable exploitation, the Board publishes the following statement of the ore contents of the Witwatersrand, which represents the estimate of the Chamber of Mines as revised, and reduced, by the Government Mining Engineer :—

Producing Mines	Million tons
4½ dwts. per ton and over	340
Between 3 and 4½ dwts. per ton	220
Closed down mines which have produced	
3 dwts. per ton and over	66
Closed down mines which have not produced	
3 dwts. per ton and over	34
Far East Rand—outside producing mines	
3 dwts. per ton and over	120
	—
Total	780
FF	429

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Commenting in a later passage of its report on the bearing of this statement on the means to be adopted for the purpose of "securing the maximum employment of European labour," one of the questions specially referred for its consideration, the Board says :—

We are convinced that the correct policy is to enable the mines to work as economically as possible. This policy will have as its result not only that the largest possible number of mines is opened up and worked, but that the largest possible tonnage of ore is won on each mine ; and in the long run the largest number of white men employed. We have already indicated (in the statement reproduced above) that there is a vast quantity of ore of low grade value in the mines, which, if costs can be reduced sufficiently to enable its profitable exploitation, will be worked, and which will, in working, give employment to white men and natives and greatly extend the life of the goldfields.

It is perhaps not sufficiently appreciated in these times of depression that, although the retrenchment of several thousands of white men and the reduction in the wages of those remaining at work on the mines have had a very injurious effect on the industries, the commerce, and finance of the country, the result would have been still more serious if these steps had not been taken. A number of mines would have had to close down, more men even than have been retrenched would have been thrown out of employment, and the future activities of the goldfield would have shrunk to half their present dimensions, and its productive period been greatly curtailed.

If, by a reduction of costs, low grade mines are able to continue working, if low grade ore in rich and poor mines alike is brought within the sphere of profitable exploitation, if mines which are standing idle to-day, because their ore is poor, are reopened, and if new mines are started on hitherto unpromising areas, more work will be provided for Europeans than by any artificial expedients which might be adopted for that purpose.

It is obvious that, as the native acquires more skill, economic pressure will result in the employment of fewer white men, since the more skilful native requires less supervision. We anticipate, however, that the ultimate effect, even of this tendency, is likely to lead to an expansion of mining, and to the employment of more whites.

The reforms introduced on the gold mines since the strike have effected a substantial reduction in working

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costs. The average working costs per ton milled on the gold mines of the Witwatersrand for the year 1921 was 25s. 8d. : the corresponding figure for the year 1922, excluding the three months of the strike period (January to March), was 21s. 2d.*

The portion of the Martial Law Commission's report which is of most general interest, and at the same time of most immediate political importance, is that which analyses the causes and aims of the revolutionary movement in which the strikes culminated. Among the "chief causes" of the movement the Commission included the following :—

The belief held by a large proportion of the strikers that they would receive armed assistance from the Orange Free State and the country districts in the Transvaal, and that the Burghers would accept the suggestion of Mr. Tielman Roos and decline to come to the assistance of the Government if called upon to do so.

The action of certain members of the Nationalist party in endeavouring to make political capital out of the industrial strike to embarrass the Government and to strengthen their own party.

The desire of the Nationalist element among the strikers to take advantage of the industrial disturbance to obtain a Republican form of government for South Africa, the preponderance of these men in the Strike Commandoes, and the encouragement given to this movement by the Republican resolution proposed by Mr. Waterston on February 5.

The intrigues of the South African Communist party, who throughout the disturbances advocated the adoption of extreme measures, and whose doctrines were readily assimilated by a section of the strikers, whose passions had been inflamed by the violent character of the speeches of the "Communist Vanguard."

The belief held by a large number of strikers that the Chamber of Mines intended to remove the colour bar and to displace the European workers on the mines by natives, a belief which was fostered and encouraged by trade union leaders, political leaders of the Labour and Nationalist parties and by the South African Communists.

The ignorance of large masses of the mine workers on the Rand of the true functions of Trade Unionism, owing to large numbers of agrarian workers, during the war, automatically becoming members of the South African Mine Workers' Union.

* There is still a considerable margin between the latter figure and the corresponding figure for 1913, which was 17s. 11d.

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Of the South African Communist party referred to above, the Commission says: "It is comparatively small in numbers, but it is organised and earnest." This party is affiliated to the third International. The Commission gives some account of its propagandist activities among the South African natives. Quotations from the correspondence of its leaders show that they were determined to make every possible use of the strike situation for their own revolutionary purposes, while completely out of sympathy with the maintenance of a privileged position for Europeans as against coloured workers, which was the main plank on which the strike leaders appealed for popular support.

The following is the Commission's account of the divergent aims of the different sections from which the revolutionary movement drew its supporters:—

It is obvious, from what has already been stated in this Report, that the main object of the revolutionaries was to overthrow the Government of the country. It is equally clear, in the opinion of the Commission, that the various organisations and persons who were chiefly responsible for the movement differed in their views as to the form of government which was to be established in the event of the Revolution being a success.

The aim of the large body of men who belong to the political party of the Nationalists, and who formed probably the majority of the revolutionary forces, was the destruction of the existing constitution and the formation of an independent Republic. . . .

The Commission is satisfied, however, that among the strikers there existed a very numerous body who had no thoughts of attacking the constitution or of establishing a Republic; these men expressed their views to Mr. Hills, M.P.C., they wished to seize the mines, by the use of violent measures if necessary, and to hold them to ransom until they could compel the Chamber of Mines to accede to their terms; they desired the overthrow of the present Government, and were prepared to adopt violent methods to gain their ends in the hope that their successors would be more hostile to the Chamber of Mines.

To the Communists and their followers the prospect of a Government on the lines of the former South African Republics, with "traditions of a conquering race and ruling caste," could only have

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been repugnant. Their support was given to the revolutionary movement because, though it was a hopeless effort, it was a step in the "progressive resistance to capitalist tyranny leading up to the decisive result," as stated frankly by Mr. Bunting; the decisive result being, as is shown, the general armed uprising of the people against all forms of capitalism.

III. EDUCATION, FINANCE AND COLOUR

IN a recent note in *THE ROUND TABLE* * reference was made to a heavy increase in educational expenditure as one of the chief causes that had brought about a crisis in political administration. Expenditure on education represents at least 75 per cent. of the total provincial expenditure and, as the whole question not only of administrative methods but of educational aims must necessarily be considered afresh under the stress of present difficulties, the occasion seems fitting for some account of recent developments and tendencies in this respect. Additional justification may be found in the fact that the educational system must adjust itself to fundamental facts of race and colour distinction and economic and social opportunity which are daily becoming more insistent.

Speaking broadly, the educational methods adopted and the aims envisaged in every community of Western type will be much the same. We may therefore concentrate on those aspects of our problem which are peculiar to our own case.

The interest of the present situation may then be focussed upon two main issues:—

(1) The readjustment of the present system of educational administration, a matter inseparably connected with finance.

(2) The adaptation of the educational system to meet the economic needs of the country.

The breakdown in provincial finances—especially in the

* *THE ROUND TABLE*, No. 48, September, 1922.

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Cape—has been brought about by a drastic reduction of Union subsidies, together with an alarming shrinkage in the proceeds of provincial taxation. Temporary assistance from Parliament in the form of a loan to the Cape, and some drastic taxation in the Transvaal, have made it possible to patch the gaping leak for a while. But none of the four provincial vessels can be considered at all seaworthy for heavy financial weather, and Government has appointed a strong Commission to review the whole state of their equipment in relation to the cargoes they were expected to carry. The Commission is to investigate :—

(a) The expenditure of the several provinces of the Union; whether the existing scale of expenditure is proportionate or otherwise to the resources of the country, and the direction in which economies can be effected in the carrying out of the services and functions which the administrations perform under the laws governing their constitution;

(b) The sources of revenue at present employed by the provinces, and whether, having regard to the interests of the country as a whole, they are appropriate to provincial administration, whether available sources have been employed to the full and whether they should be enlarged or restricted or more clearly defined;

(c) The present system of financing the capital expenditure of the provinces, and whether any alterations or modifications of the existing system should be introduced.

It will be seen that the question of abolishing the provincial system altogether is not raised, nor is the question of relieving the provinces of certain services such as education. But it will hardly be possible for the Commission to avoid some expression of opinion on these wider issues. One province at least—the Cape—is definitely unable to carry its present educational burden with its present resources. The Transvaal, in spite of resorting to an expedient such as the tax on employers, which is generally condemned, may still be faced with a serious deficit at the end of the financial year. Nor are the smaller provinces in much better case. What are the possibilities?

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1. To cut down expenditure to the figure representing existing resources has been urged by the commercial community. But such a course would not only bring ruin upon much promising educational work; it would be so unpopular in a political party sense that it is not likely to be followed.

2. To modify the South Africa Act so as to extend the powers of the provinces in taxation, perhaps to give them the right to impose indirect taxes.

This would be a move in the direction of federalism and, outside of Natal, there are very few men of any weight who would acquiesce in such a step.

3. To increase Union subsidies to the provincial exchequers. This is even less likely to be adopted than the above-mentioned expedient. Parliament shows not the slightest disposition to increase the amounts over which it surrenders control.

4. The remaining alternative is that the Union Government should itself resume certain of the provincial services.

Unless the Commission recommends drastic economies which will imperil the whole future of the Union by undermining its educational foundations, some expedient like No. 4 above is likely to be suggested. Some economies may be effected, but many signs seem to point to a considerable resumption by the Union Government of responsibilities hitherto borne by the provinces.

There is no constitutional obstacle to such a proceeding, for the period has expired during which Provincial Councils and provincial functions and services were guaranteed under the South Africa Act. Thus in the last Financial Relations Act (1922) not only did the Union Government take power to declare any institution as belonging to "higher" education, and therefore matter for the Union Minister to deal with, it also took under its own control the finance of native education. Native taxation in the various provinces is as lacking in uniformity as is provision for native education. The Government is already taking

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steps to equalise both the financial burdens and the educational facilities, and there will probably be legislation on the subject this session.

The drift of feeling Union-wards is also becoming marked among the teachers. A week or two ago a Federal Council was instituted representing all the teachers' associations in the Union, and strong support has been given to a draft Bill which proposes to set up a single Teachers' Registration Board for the whole country.

If the recommendations of the Commission should prove to be in line with this general tendency, as seems likely : if, for example, they should recommend the Union Government to take over the whole charge for teachers' salaries and to reorganise the teaching service on a Union basis, a long step will have been taken towards the dissolution of the existing provincial system. There can be little doubt, indeed, that it stands or falls with its educational services.

But the transfer to Union will only raise more acutely than ever the unsolved problem of creating a genuine *local* authority for education such as England and Scotland now possess. There is a growing conviction that provincial government, except possibly in Natal, is in no real sense *local* government. The Cape, for example, has an area of over 270,000 square miles, yet its educational administration is highly centralised in Cape Town. School Boards exist, but they have no independent financial powers or responsibilities, and the committees which manage individual schools, while genuinely local, have no financial rights or functions. Even the School Board rate, which did exist in the Cape for a time, has now been absorbed into general provincial taxation. Now that the provincial exchequers are proving unequal to their burdens, the weight is being thrown back upon the Union Government. Very few people would care to see this tendency end in a centralisation of all educational services in Pretoria. But the only alternative seems to be the creation of a new and

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genuine *local* unit with intimate local connections and real financial responsibilities.

Even so there will have to be some economies. The subjoined table of comparative costs per pupil of education in three different areas will illustrate the need for action :—

	Cape			Transvaal			England & Wales		
	£	s.	d.	£	s.	d.	£	s.	d.
Cost per primary pupil ..	9	6	0	13	15	10	8	16	3
Cost per secondary pupil ..	19	17	7	33	12	7	16	19	6
Cost combined	11	13	5	15	3	11	—		

Some allowance must be made for sparsity of population and for a large number of expensive small schools. But the cost is very high for the resources of the country, and one effect of it is to check very seriously desirable developments and the wide diffusion of educational opportunity.

With regard to the second issue, the expansion of old industries and the rise of new ones ; the economic changes and upheavals which have been brought about by the war and its concomitants ; the growth of population ; and the steady rise in capacity among the coloured peoples, are factors which have contributed to bring about a situation in which the social and economic objectives of an educational system need to be much more carefully considered than they have been hitherto.

Stress is increasingly felt at both ends of the economic and educational scale. At the one end, the institution of independent teaching universities in 1918 and their subsequent rapid growth have increased enormously the facilities for professional training and the "higher" professions are already becoming crowded.

At the other end of the scale increasing difficulty is experienced in placing in suitable occupations young white boys fresh from school. From practically every urban area

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in the Union the same complaint comes, and we cannot, unluckily, attribute the whole trouble to temporary depression. In the Cape especially the competition of half-breed "Cape coloured" labour with that of the white worker is becoming increasingly keen. And even where the white boy could get a good opening as an apprentice, often enough he will not take it up because he may have to work side by side with coloured apprentices or take orders from a coloured foreman. Thus the colour-prejudice of the white, and (usually) the lower wage cost of the coloured worker, combine to reduce the available openings for the European. In the "Kafir" areas of the east and north the competition between white and coloured is hardly so keen, and is still very much tempered by restrictions and regulations in favour of the white worker. But the Kafir, too, is steadily working his way into skilled industry in competition with the white man. He is found now in quite a number of factories doing skilled or semi-skilled work, while on the mines of the Rand the invention of a new machine has dispensed with the necessity of reserving certain difficult phases of the work of drill-sharpening to white men. This example is typical of a general tendency throughout the Union, and those who followed closely the course of the great outbreak on the Rand last March will tell us that fear and jealousy felt by the white worker towards his coloured competitor account for much of the bitterness and atrocity of those lurid days.

It is hardly likely that any policy either of restrictive legislation applied to the coloured worker, or of trade union exclusiveness and boycott adopted by the white worker, could check the tendency. Rather such action might intensify the attendant evils. The white workers in the Cape Town area have been driven to the virtual elimination of the colour bar altogether, and have sought salvation for the "white" standard by pressing the coloured worker into the unions, and preventing him from working for less than the standard rate. In the north and "Kafir" areas

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no such policy is likely to be adopted for many a long year, and white and Kafir will be increasingly ranged against one another in competition for jobs.

Two lines of educational development are thus indicated. On the one hand, secondary and technical education for the white boy must be provided on more and more liberal and varied lines so as to provide him with the necessary competitive equipment, and his economic and industrial graduation, as we may call it, must be carefully provided for and supervised.

On the other hand, the general education of the coloured people of all kinds must be pushed on so as to raise their standard of life and economic demand nearer to that of the white man. For that which is now being endangered in South Africa, and that which this generation has to save, is not so much the supremacy of the white man as such, but the security of a civilised order, "white" and Western in character, but containing, probably, many racial and colour elements in its personnel. The danger all the time is that of sacrificing civilisation itself for the sake of a colour supremacy. Up to a point the two may be identical, but when they part company we must know what to do.

Some steps have already been taken to meet the circumstances sketched above. In 1921 Parliament gave statutory authority to Juveniles' Affairs Boards, local bodies which had already been working for some time in large urban areas on a voluntary basis. They are now empowered to compel information both from schools and employers, and are charged with the general duty of supervising what we have called the "economic graduation" of young people up to 18 years of age.

In 1922 an Apprenticeship Act was passed, bringing in the organised industries themselves to assist, under State supervision, in furthering and safeguarding the economic opportunities of young people.

Much may be effected by such machinery, but its success will depend very largely on the type of material

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which the educational system can provide for it. That is why the present financial trouble is so critical, for if bad finance is really hindering the healthy expansion of educational opportunity it is hindering constructive work which must be done in this generation if it is to be worth doing at all.

South Africa. January 17, 1923.

NEW ZEALAND

I. THE GENERAL ELECTION

AT the moment of writing the election, held on December 7, is only two or three days old, and in no less than twelve seats recounts and absent voters' and seamen's votes may yet effect a change. Features of the election have been heavy polling and an unusually large proportion of close contests. The following table shows the results of the elections as compared with those for 1919 :—

	1919		1922	
	Total polling	Seats won	Total polling	Seats won
Reform	191,892	49	248,982	38
Liberal	138,492	20	164,108	24
Labour	137,578	8	144,582	17
Independent ..	50,714	3	19,448	1
	518,676	80	577,120	80

In view of the disproportionate number of seats secured by the Reform party in the 1919 elections, the introduction of the proportional representation system has been strongly pressed for by both the Liberal and Labour parties and as strongly resisted by the Government. It is, however, noteworthy that in the recent elections, while the poll shows an increase of about 30 per cent. in the Reform vote, the number of Government candidates returned has fallen by about 18 per cent. On the other hand, while the increase in the Labour vote is only 5 per cent., representa-

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tion of the party has increased by more than 100 per cent. The striking decline in the Independent vote indicates the keenness with which party issues have been fought. The figures quoted are subject to certain minor adjustments, but they indicate that at least on this occasion the respective parties have little to complain about in the "first past the post" system of election.

The proportion of seats is not likely to be disturbed substantially by returns at present incomplete. The election leaves the parties in a position extremely interesting to the spectator, unexpectedly favourable to the Liberals and Labour, and decidedly embarrassing to the Government. The heavy Reform majority in the House has been reduced to a minority, and Liberals and Labour both largely profited. Labour candidates polled heavily, and their success will certainly give encouragement to discontented sections of the community. At the time of writing the various parties are taking stock of the situation, and have as yet made no announcement of their intentions.

The Prohibition poll shows that the margin of 3,262 by which Prohibition failed in the 1919 elections has been increased to 16,138 in 1922. The polling in this issue has also been very heavy. The result may largely be attributed to a vigorous propaganda campaign by the Liquor party, while the Prohibition party, which raised a large fighting fund for the last elections, has not made a corresponding response. The *New Zealand Times*, writing on December 8, 1922, gives the following percentages of valid votes cast for prohibition at the polls in the years indicated:—

1896	..	..	37·82	1911	..	..	55·83
1899	..	..	42·23	1914	..	..	48·99
1902	..	..	48·88	1919 (April)	..	..	49·00
1905	..	..	51·27	1919 (December)	..	..	49·71
1908	..	..	53·45				

At the recent elections the percentage has again fallen to 48·81. While the immediate result will be viewed with

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some relief by the Liquor party, it is clear that their margin of safety is a very narrow one, and it remains to be seen whether the party takes the situation sufficiently seriously to put in hand the reforms in the traffic which have been liberally promised during the election.

The election has been a very serious one for the Reform party, whose electoral appeal was for a strong Government. The Speaker, the Chairman of Committees, and the Minister of Justice have lost their seats. The relative defeat of the Government and the corresponding accession of strength to the Liberal party, and particularly to the Labour party, which is now the most compact and determined section in the House, is unfortunately the conventional but inequitable treatment which the electors are in the habit of giving to any Government whose task has been an unpopular one, even though necessarily so. The slump of 1921 and its consequences threw upon the shoulders of the Government the responsibility of making the adjustments necessary for carrying on the general administration with a huge drop in the national revenue, and of maintaining and increasing national production to compensate for the fall in prices. When the Government proclaimed the necessity of a policy of retrenchment in staff and a reduction in the salaries of civil servants, who number 36,189,* and the Arbitration Court decided that a reduction in wages also was imperative, the classes affected developed a community of interest which the Labour party has not been slow to exploit. The majorities gained by the successful Labour candidates, who have been chiefly returned by city electorates, is very largely attributable to a considerable accession of voting strength from the civil service and other employees of the Government.

While the Reform Government has made some serious mistakes, and while its large majority in the House has enabled it to give scanty consideration to its opponents, it is generally recognised that the Government's task has been

* The figure included state employees generally.

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both onerous and thankless. Commenting upon Mr. Massey's election manifesto, the *New Zealand Times*, the Wellington Liberal newspaper, questioning not his sincerity but his ability to carry out his proposals, particularly as regards land settlement, wrote as follows on November 1, 1922 :—

In justice, it must be said at once that Mr. Massey is faced with an economic situation unparalleled in our history, and with the difficulties consequential to that situation, the gravity and complexity of which are beyond anything that any Prime Minister of ours has ever had the responsibility of facing. His task of bringing the "country back to normal," as he put it in his manifesto, is onerous indeed.

The editor, after commenting upon the elements in the manifesto, which represent all shades of political opinion, refers particularly to the elements to which Liberalism claims a prescriptive right :—

Speaking generally of these elements, it is true, on the one hand, that Mr. Massey opposed many of them in their initial stages with might and main. But, on the other hand, it is true that during his ten years of power he has never made a single attempt to repeal any of the Liberal measures passed against his resistance; but, on the contrary, used them faithfully, broadened and deepened them, and even went forward in the direction they pointed.

With the retirement of Sir Joseph Ward from politics and the defeat of Mr. T.E.Y. Seddon at the recent elections, the great names of the Liberal party have become only a tradition. From the party manifesto only the State Bank and Proportional Representation proposals distinguish the platform of the Liberals from that of the Reformers, and while a fusion of the two parties would make Labour the alternative Government, the members of both parties are considering whether such a course is not demanded by the situation which the elections have created.

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II. THE ECONOMIC POSITION

THE slump in the prices of our primary products which took place in March, 1921, was an astonishing and salutary experience for a generation which had known nothing but steadily rising prices and a steadily increasing national income. There are few facts which a modern democracy faces with more reluctance than the necessity for a drop in its standard of living. Under the depression of the last eighteen months, however, a large section of the people of New Zealand has been obliged to prune its expenditure severely, and public and private economy has had a beneficial effect upon our financial position by checking over-importation.

For some time the purchasing power of our produce has been steadily rising, and it may now be said with confidence that the most acute period of the depression has passed. The fact that the turn of the tide has been gradual has been all to the country's advantage. While it is important that prosperity should return, it is even more important that it should return slowly, since a sudden rise of any magnitude in the prices of our products might result in an unwholesome amount of speculation. A steady fall in food prices has minimised hardship among the wage-earning and salaried classes. In the monthly abstract of statistics for October, compiled by the Government statistician, an interesting diagram shows the history of retail food prices since July, 1914. The diagram shows a steady and continuous increase in these prices until the peak was reached at the end of 1920. Having reached their zenith, prices began to recede at a much greater speed, and the graph for 1922 shows that we have approximately returned to the prices for 1918. The fluctuations which have taken place in the 1922 graph, despite a slight downward tendency, would indicate the stabilisation of food prices somewhere

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between 30 per cent. and 50 per cent. above those of 1914. The following table is a summary of our exports for the twelve months ending August 31, 1922, as compared with the corresponding period ending August 31, 1921 :—

	1922	1921
Wool, bales	926,394	483,245
Butter, boxes	1,680,988	1,233,933
Cheese, cases	879,136	982,895
Mutton and lamb, carcasses ..	8,394,892	9,557,091
Beef, quarters	365,410	694,548

The most satisfactory feature in the above table is the substantial increase in the exports of dairy produce. The wool exported, which is 50 per cent. in excess of our actual production and includes a large amount of wool commandeered and held over for the British Government, has practically all gone into consumption.

The British Trade Commissioner has independently placed on record his own confidence in the future. Speaking in Wellington on September 7, on the eve of his return to England, he said :—

As far as the export trade of New Zealand is concerned, the figures for the present year show a very definite improvement. In fact, I estimate, from certain calculations which I need not now go into, that a real balance of not less than twelve million pounds in favour of New Zealand has resulted from the Dominion's trading operations up to the present this year. I think that you will agree with me that it is not easy to hoodwink the London financial market, and the fact that New Zealand has been able to borrow on the London market at such a low rate of interest, and could have probably borrowed considerably more than she did, is proof that London believes in New Zealand and in its economic methods. For myself, I am quite satisfied that so wonderful is this country, and so capable of almost unthought of developments, that it can easily withstand any crisis which it is likely to have to face, and is, in fact, more favourably placed than almost any other country in the world.

Internally a decided change for the better has also taken place. The latest returns from the Railway Department show that a deficit of £37,000 on the working for the period

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ending August 19, 1921, has been converted into a profit of £178,000 for the corresponding period this year. Mr. Massey claims also to have largely reduced the national expenditure.

While the optimistic view which is now prevailing in the community, and which is justified by evidence from various sources, is a distinct advantage to a country slowly emerging from the most acute financial crisis in its history, it must not lightly be assumed that New Zealand is "out of the wood." There still remains an aftermath of conditions, artificially created during the war, which are likely to give trouble before our economic life reaches a state of equilibrium. Discontent among the wage-earning and salaried classes is both general and serious, and the system of determining wages by an award of the Arbitration Court is still in its experimental stages. Some keen critics contend that, even if the system is permanently workable, the basis for the standard adopted by the Court is fundamentally unsound. This basis is the assumption that available goods and services are sufficient to maintain the standard of living enjoyed in New Zealand in 1914. No warrant has yet been produced for this assumption, and there is some strong evidence against it.

The statistics dealing with Great Britain's overseas trade, prepared by the British Board of Trade, show that Great Britain is still receiving much higher prices for her exports than she is paying for her imports, if her present position is compared with that in which she stood in 1914. Since British exports and imports correspond substantially with New Zealand imports and exports respectively, New Zealand has been a loser on the exchange, and her national income has accordingly diminished. It is confidently stated by business men of long experience that there has never been a period in the history of New Zealand when our exports could buy so little as during the past two years. Such a fluctuation is, of course, part of the fortunes of trade, but its significance for New Zealand's domestic

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economy lies in the fact that, while our Arbitration Court bases its awards of wages upon the standard of living enjoyed by the workers of 1914, our exports are at a discount of approximately 30 per cent. in the same comparison.

The farmer whose income is not determined by the Arbitration Court, but is measured by the goods his produce will buy in the world's markets, frequently finds himself unable to pay for the labour he requires, and his land deteriorates at a time when increased production is his only means of improving his position. The importance of such an increase has recently been stressed by Mr. Massey, who has expressed the opinion that our annual exports must reach £50,000,000 in value before New Zealand will attain a comfortable financial position. Their present value is in the region of £42,000,000.

III. REPORT OF THE COMMITTEE ON TAXATION

THE report of this committee, the constitution of which has already been outlined in *THE ROUND TABLE*,* was placed before the House in July. The purpose of the committee was to inquire into the general question of taxation in New Zealand, the effect of its present incidence, and the directions in which changes might be deemed desirable.

The committee reported that it had arrived at the following unanimous conclusions :—

(a) That the limits of taxation that this country can bear have been reached—indeed exceeded—and that there is now practically no reserve of taxable capacity.

(b) That the higher graduated rate of income tax has reached such a point that it is drying up the sources of revenue, and if continued must result in a reduction of revenue from these sources, must stop progress and enterprise, and impede production and industry.

(c) That the income tax on large companies is the highest in any of the British Dominions—considerably higher than in Great

* *THE ROUND TABLE*, No. 48, September, 1922, p. 929.

Report of the Committee on Taxation

Britain, and very much higher than in any other section of the British Empire.

(d) That the land tax—particularly in the higher graduated rates—is very seriously affecting production and development.

(e) That the rate of taxation on smaller incomes is lower, and the exemptions on these smaller incomes higher, than in any other part of the British Dominions.

(f) That economies in public expenditure are the principal means by which relief from the present excessive taxation can be afforded.

The report makes very interesting reading, and some of the figures brought in support of the conclusions of the committee are striking. Under the three main heads of taxation the increases since 1914 in the amounts collected are as follows :—Income tax, 982 per cent.; land tax, 113 per cent.; customs and excise, 56 per cent.

In addition to the immense increase in income tax the exemption standard in New Zealand remains at £300, while that of Great Britain is £135, and the average for the Australian States is something under £200. The Commissioner of Taxes stated that the extra cost of collecting the additional taxes, if the exemption were lowered, would exceed the revenue derived therefrom. The committee accepted this view, but the report does not refer to the reasons which presumably justify the adoption of a lower standard elsewhere. While at first sight it would appear that an unduly large proportion of the burden of taxation is borne by those in receipt of an income of £300 per annum and over, the peculiar incidence of company taxation in New Zealand really operates to distribute the burden much more equitably. Under our system companies are treated as private individuals, with the result that those with an income of £10,000 per year and over pay taxation at the maximum rate of 8s. 9½d. in the £. In addition, companies contribute 69·8 per cent. of the total income tax, and as 94 per cent. of the capital employed in trade and industry is in joint stock companies their burden has been the subject of much complaint in commercial circles. The Commissioner of Taxes, in his evidence

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before the committee, stated that of the total capital invested in company shares of all kinds in New Zealand, one half was owned by people whose incomes were so small that even with the dividend from their shares added they would be free from income tax on account of being below the exemption rate. Thus a large proportion of those whose actual income does not bring them within the scope of the income tax in effect pay income tax at the maximum rate upon their interests in companies.

A majority of the committee recommended the adoption of the principle that income tax should be paid by the "individual ultimate recipient," companies being taxed on undivided profits only. A minority, however, held that the peculiar advantages enjoyed by a company were such as to warrant the present system of taxation, but it was unanimously agreed that the maximum rate should immediately be reduced to 5s. in the £.

The detailed recommendations of the committee were in accordance with the conclusions above, and the Government has already signified its intention of adopting some of them, but the report substantially warrants our forecast in the September issue :—

It is doubtful if any conclusion of a radical nature can be expected from this Committee, nor is it certain that the Government will be either willing or able to carry out any recommendations the Committee may make.*

IV. INDUSTRIAL AND AGRICULTURAL DEVELOPMENT

THE development of the resources of the Dominion has recently attracted some attention in business circles. A conference of business men which sat recently in Wellington considered a number of proposals for mining and agricultural development, and decided to collect further information in order to submit the most attractive fields to

* THE ROUND TABLE, No. 48, September, 1922, p. 929.

Trouble with the Seamen

British investors. This was to be done by a mission of business men, which, it was proposed, should leave for England early in the New Year. The scheme of promotion adopted by the conference has been approved of by the Prime Minister, the Chambers of Commerce, and the New Zealand Farmers' Union.

The relatively good standing of Colonial securities in the money market and the desirability from the point of view of an Empire policy of directing the exportable capital of Great Britain to Colonial rather than to foreign fields are factors which should make for a favourable reception in England to the proposed mission, but the high taxation on companies at present in force in New Zealand, and likely to continue for some time, is a deterrent to investment of which the investor must take cognisance.

V. TROUBLE WITH THE SEAMEN

IT has previously been explained* that New Zealand has a unique system of determining wages from time to time in individual industries by appeal to the Arbitration Court. If any workers' union chooses to invoke the jurisdiction of the Court, the employers are automatically joined as parties, and the Court's decision is binding on both, but the converse power of citing the workers to appear before the Court is not conferred upon the employers.

Following such an application by the Seamen's Union, the Court recently conducted a lengthy inquiry into maritime activities and wages payable to seamen, and duly filed an award making, *inter alia*, certain reductions in the scale of wages. Having invoked the jurisdiction of the Court, the Seamen's Union was under some moral disability from objecting to the Court's finding, but trouble commenced in Auckland in an individual case early in November, the nominal ground of the dispute being a

* THE ROUND TABLE, No. 36, September, 1919.

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minor employment regulation relating to overtime. The dispute quickly spread throughout New Zealand, and seamen individually gave twenty-four hours' notice and left their ships. The individual action thus taken by the members of the union technically absolved the union from official complicity, but prolonged conferences were held by the union executive during the developments. The action of the Government was prompt and firm. Acting under Section 57 of the Shipping and Seamen Amendment Act, 1909, the Minister of Marine exempted vessels from the requirements of the Act in respect of qualified seamen, thus enabling free labour to be engaged to man the vessels. In response to the call for labour from the employers, sufficient volunteers offered to enable the main services to be resumed. A number of the members of the union have been recently fined £2 each on a charge of being parties to a strike, and further prosecutions are understood to be pending. Both parties have been marking time, but with the strong polling of Labour at the elections a militant move by the union in the immediate future would not be unexpected. It remains to be added, as indicating the temper of certain sections of Labour, that a recent award dealing with the wages of waterside workers was publicly burnt by the Waterside Workers' Union. The most outstanding feature of the dispute, however, is the fact that Waterside Workers and other unions are still working ships manned by free labour.

VI. THE DAIRY POOL

DURING the boom years towards the end of the war and immediately following it the high prices for its primary products that New Zealand was obtaining without difficulty made the farmer careless of the efficiency of the marketing system and of the fairness of the charges for freight and commission. When, however, in the succeeding

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slump, his wool prices dropped 60 per cent. and shipments of beef failed to realise the cost of transit and commission, the farmer was driven to exhaust every possibility of getting a larger return. His first step was to form a Meat Pool Board, the constitution and purposes of which have been previously dealt with in these pages,* and which is now operating with favourable results. He next secured an abatement in freight charges, which nevertheless still stand at approximately double the pre-war figure, and his most recent step has been an attempt to promote a dairy pool.

The draft Bill submitted to Parliament followed in its main outlines the constitution of the Meat Control Board except that there was no provision for financial backing from the State. The committee appointed by the House to report upon the Bill received a large amount of evidence and presented a favourable report. The chairman submitted figures showing that 65 per cent. of the dairy factories supported the Bill and 22 per cent. opposed it. In the debate which followed opposition centred round the relationship of the proposed control to existing contracts in respect of dairy produce, and to the extensive compulsory powers of the board. The Bill, which was promoted by the Government, was strongly opposed by the Liberals and the Labour members. It was finally talked out, but it was understood that the proposal would be considered afresh by the new Parliament.

VII. THE NEAR EASTERN WAR CLOUD

TO a country preoccupied with the problem of regaining its prosperity the enquiry of the British Prime Minister as to the attitude of New Zealand in the event of war with Turkey came like a bombshell. The cablegram reached the Prime Minister late on the evening of Sep-

* THE ROUND TABLE, No. 47, June, 1922.

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tember 16 at an investiture at Government House, and the steps taken by him were worthy of the urgency and importance of the occasion as revealed by the cablegram. He at once conferred with several Cabinet Ministers present, and within an hour of receiving the cable had despatched to the Imperial Government an unconditional promise of support. Mr. Massey's confident anticipation that his action would be endorsed by the New Zealand public was not misplaced. A thrill of patriotism and a deep sense of national obligation swept through the country. By the Press, by public bodies, and by most of the responsible sections of public opinion the Prime Minister's action was cordially supported, and on the same morning on which New Zealand's reply was made public the military offices were besieged with volunteers for immediate service, of whom a large proportion were veterans of the Great War. By Wednesday, September 20, 12,279 officers, nurses and men had enlisted. Two days later the public read with pardonable pride a letter from the Governor-General to the Prime Minister :—

September 22, 1922.

DEAR MR. MASSEY,—The events of the last few days have emphasised in the most striking manner the strength of the tie which binds New Zealand to the Motherland and to the remainder of our great Empire; and, as His Majesty's representative in this Dominion, I am anxious to express to you, and through you to the people of New Zealand, my intense admiration of the wonderful response which the first hint of serious danger to Imperial interests has brought forth.

It seems hardly credible that, in the absence of any call for volunteers, a total of 12,000 officers and other ranks and 300 nurses should in a short period of four days have registered their names for service if required.

I am indeed proud to have the honour of association with an outpost of Empire where such a spirit lives, and I tender a heartfelt appreciation and admiration to the people who hold so glorious a record.—Yours sincerely,

(Signed) JELlicoe.

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The Prime Minister's motion in Parliament for endorsement of his action was seconded by the Leader of the Liberal party. A characteristic Labour amendment affirming that no action should have been taken until Parliament had been consulted was defeated by 57 votes to 7, and the motion was carried with applause.

The action of the Government came in for strong criticism from Labour organisations and from the League of Nations Union. This criticism proceeded on the ground that no sufficient urgency was disclosed to warrant the Prime Minister's action without consulting Parliament, which was then in session. The full text of the message received by Mr. Massey has, however, not been made public.

Among Press comments the *Wellington Evening Post* regretted that Mr. Bonar Law, in expressing his astonishment at Mr. Lloyd George's dramatic appeal, should have made it the subject of party strife on the eve of a general election. It confessed some sympathy for Mr. Bonar Law's objection that the Dominions had not been previously consulted, but recognised that the risk which must sometimes be taken by the Imperial authority is a necessary part of the price which the Empire must continue to pay "as long as the conduct of its foreign and Imperial policy is dependent upon a Government which is itself dependent upon a party interest in its central state."

The *Dominion* expressed the view that, while Mr. Lloyd George was largely the victim of circumstances, he had adopted the wrong method of dealing with the Dominions, and it ventured upon the following generalisation :—

It ought to be laid down as an unalterable rule of policy that an offer of military support by the Dominions is never to be asked for or paraded prematurely against a contingency of war which there are even reasonable prospects of averting.

If the principle here laid down is sound the *Dominion* has succeeded in embodying "an unalterable rule of

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policy" in a formula of unusual elasticity. The plain fact emphasised by the recent crisis is that the problem of Empire co-ordination remains just as stark and unsolved as it did at the outbreak of the Great War.

VIII. EXTERNAL AFFAIRS

SINCE our last article the threat of war in the Near East is the only external matter which has attracted much public attention. As hitherto, Parliament has silently shelved the question of Imperial defence, and, despite the warnings of our delegate, Sir John Salmond, on his return, the general public easily convinces itself that the Washington Conference has made matters safe for the present. The fact is that no party—with an election in such immediate prospect—by advocating an immediate grant in support of the Imperial Navy, cared to risk a reminder from the electors that "charity begins at home." With the reduction in Civil Service salaries, the organised opposition of Labour to wage reductions, and widespread complaint against the high scale of taxation, there is hardly any important section of the community which would actively support a further contribution at the present time to Imperial defence.

Mr. Massey has, however, more than once expressed in emphatic terms his sense of our clear obligations to increase our contribution to the Imperial Navy, and with the elections behind him and an improving financial outlook it is hoped a definite commitment will be entered into. The public interest aroused by Mr. Sastri's visit would suggest that the indifference of the Dominions to Imperial questions is largely due to the remoteness of the personalities who deal with them. It can safely be said that a rousing welcome in New Zealand awaits any representative statesman from Great Britain who can find time to travel. Our representatives attend Imperial Conferences, and in due

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course report upon the work done, but the bonds of Empire would be greatly strengthened by regular visits from those who are charged with Imperial executive responsibilities. The difficulty in the way of despatching such a representative for a visit to New Zealand would be outweighed by the moral effect upon our people, and the greater understanding with which the Cabinet would approach questions in which the Dominions are interested.

New Zealand. December, 1922.

THE NEW IMPERIAL PROBLEM

THE announcement that there is to be an Imperial Conference next October makes it necessary for all who are interested in the problems of the British Commonwealth of Nations to take stock of the tremendous changes which have come about, both in its internal and its external situation, since 1914. This Conference will be the first normal Conference since 1911, all the intervening assemblies, whether Imperial Conferences or Imperial Cabinets, having been principally concerned with the special problems presented by the Great War and its immediate aftermath. It is therefore proposed, in this article, to examine the new problem which is now presented to the peoples of the Commonwealth, and to set forth certain ideas about the future.

I. THE TRANSFORMATION SINCE 1907

THE most obvious change which has come about since the first meeting of the Imperial Conference in 1907 is in the external situation of the Commonwealth. That was the date when people began to realise that it was confronted by a serious external menace. Germany with her allies, not content with possessing the largest and most powerful army in the world, was evidently set upon building up the greatest navy as well. Europe was an armed camp, with every nation becoming more perfectly organised and equipped for instant war. Crisis followed crisis, yet every

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attempt at conciliation and to reach an agreement to stop the competition in armaments failed. It gradually became apparent to all thinking people that the programme of those who controlled Imperial Germany involved the same threat to the freedom of Europe and the world from despotic militarism that had arisen under Philip II. of Spain, Louis XIV., and Napoleon.

At first Great Britain tried to deal with the situation by itself. But by 1909 the strain had become too severe, and after the promulgation of the new German Navy Law a special defence conference of the nations of the Empire was summoned. At this conference Australia undertook to create a fleet unit, Canada inaugurated a naval service, and South Africa and New Zealand made large contributions in cash or kind to the Royal Navy. From this date until the end of the war the German peril increasingly weighed upon the thoughts of all people, in Britain or overseas, who were concerned with the government of the Commonwealth.

What is the position to-day? It is fundamentally different. There is now no direct external menace to the existence of the Commonwealth or the freedom of its members. Germany is disarmed. Russia is paralysed. The Washington treaties have ended for the time being naval competition among the Pacific Powers. What the future may bring forth none can say, but for the moment there is no Power which has either the organised naval and military power or the resources with which to attempt what Imperial Germany attempted under William II. Defence is no longer the primary preoccupation of the peoples of the Commonwealth in the field of foreign affairs.

But that does not mean that foreign policy is to-day unimportant. The reverse is true. In some ways the rest of the world affects us more than ever before. The pressing need of all nations within the Commonwealth to-day is stable international peace and the restoration of

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such economic conditions as will make it possible for them to resume their normal productive and commercial activities. The most serious menace to-day springs from the fact that, owing to discord in Europe, economic delirium in Russia, and unrest in other parts of the world, there are just over a million and a quarter unemployed in Great Britain; Canada is uncertain about the sale of the wheat crop, upon which her prosperity ultimately depends; Australia, South Africa and New Zealand have passed through grave periods of stringency, which may recur, owing to the failure of markets abroad; while the economic situation of India has been and still largely is dominated by outside events. The restoration of the world to a condition of economic sanity is clearly necessary to the abolition of unemployment in Great Britain, and to the resumption of settlement and development of the Dominion territories. But that process is in turn going to create grave new problems. What, for instance, is going to be the effect on wheat producers within the Commonwealth of the re-entry into the world of Russian and Siberian wheat?

These economic problems, however, are inseparably bound up with international politics, for it is political difficulties which prevent an economic settlement. At the moment, for instance, it is the occupation of the Ruhr which is the principal cause of our economic paralysis. Yet the economic are not the only or the most serious consequences of the Franco-German feud. Unless that quarrel is settled on sane and far-sighted lines, it is bound to lead the nations back along the path to another world war.

From whichever angle we look at it, the political or the economic, it is obvious that world affairs are as important, if not more important, to the peoples of the Commonwealth than ever before. How are they to exercise their influence most effectively, not for the time being for defence against impending aggression, but for the restoration and maintenance of peace and order and economic stability throughout the world?

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Before going on to consider this question, however, it is necessary to turn for a few moments to the change which the war period has brought about in the internal economy of the Commonwealth.

II. CONSTITUTIONAL PROGRESS

UP to 1907, the date of the first Imperial Conference—earlier gatherings had been Colonial Conferences—foreign affairs had been regarded as entirely a matter for the British Foreign Office, and the Dominions had been preoccupied with the great tasks of developing and peopling their territory, disentangling themselves from the Colonial Office, and carrying through schemes of union and federation. But the failure of the attempts to come to a naval understanding with Germany, and the inauguration of the new German Navy Law providing, as Sir Edward Grey said, for “a fleet greater than any then in existence,” produced a dramatic change. As already described, at the special defence conference of 1909 the Dominions undertook to make large contributions towards the naval defence of the Commonwealth, and in 1911, for the first time, foreign policy was placed upon the agenda of the Imperial Conference, and Sir Edward Grey took the Dominion Prime Ministers fully into the confidence of the Foreign Office.

These events precipitated an intensive discussion of the nature of the constitutional relations which should exist between the Dominions and the British Government. It was now clear that there was a serious risk of war. It was no less clear that if there were war with Germany the Dominions would become involved. Yet the decision of the policy upon which these tremendous issues hung was in the control of Great Britain alone. On the other hand it was certain that if war did not break out and the competition in armaments continued for many years, the resources

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of Great Britain would be insufficient, and the question of how the rest of the Commonwealth should share in the burden would become acute.

Students of the problem gradually became divided into two schools of opinion. One became convinced that if the external menace continued the only method whereby adequate defensive preparations could be made and the Dominions could share in the control of the policy upon which peace or war depended, was by the creation of a body representative of the whole Commonwealth to which the responsibility for foreign policy and defence and the finances thereof should be transferred. The other school was convinced that the Dominions could not and ought not to surrender their complete autonomy, and that the right line of advance was through imperial preference and voluntary co-operation. The great mass of public opinion in Great Britain and overseas probably gave no thought to the constitutional problem one way or the other.*

Then suddenly the storm broke. Controversy was swallowed up in the spontaneous enthusiasm with which the peoples of the Commonwealth sprang to resist the new threat to human freedom. Because there was absolute unity of purpose and a wonderful readiness on all sides to make whatever sacrifices were needed for victory the system of co-operation worked well. From 1917, however, after the preliminary task of raising the armies had been completed, and controversial questions of policy had begun to arise, it became necessary for the Dominion Prime Ministers to remain almost continuously in London. From its formation, the Imperial War Cabinet, composed of the British War Cabinet and the Dominion Prime Ministers,

* We cannot refrain from expressing our amazement at the reckless and, we must say, very unusual inaccuracy of Mr. Sidney Webb's account of ROUND TABLE views in a recent issue of the *Empire Review*. At no time has THE ROUND TABLE advocated “universal military service and Imperial fiscal protection” “wherever the Union Jack floated,” as “indispensable to Imperial salvation.”

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really acted as the supreme executive of the Commonwealth until the war was won and the peace was made.

The events of the war, the conspicuous success of the Dominions in raising and organising national armies, the great contribution of India to the common cause, the creation of the Imperial War Cabinet, the tremendous advertisement which the idea of self-determination received during the war, all these led to a rapid development in the constitutional theory and practice of the Commonwealth. It was recognised that the Dominions were now full grown nations within the Commonwealth and of equal status with Great Britain, and that the vast continent of India had started on the long and difficult Western road that leads to self-government. This change of view found expression in the arrangement whereby the Dominions and India each signed the treaty of peace, and insisted upon individual representation in the League of Nations, and in the far-reaching Montagu-Chelmsford reforms in the constitution of India. So far as foreign policy was concerned, the new view was embodied in the decisions of the meeting of Prime Ministers in 1921. Though it has never been officially set forth in precise language, the present constitutional theory, largely set forth in a speech by Mr. Lloyd George to Parliament in the autumn of 1921, seems to be as follows. The formulation of the general policy of the Commonwealth is now in the hands of all the peoples of the Commonwealth represented in the Imperial Conference, acting through their Prime Ministers, meeting as often as possible, and keeping in touch, as far as practicable, in the interval by cable and dispatch.* Inasmuch, however,

* Cf. Mr. Lloyd George: "The discussions revealed an absolutely unanimous opinion as to the main lines to be followed and a very deep conviction that the whole weight of the Empire should be concentrated behind a united understanding and common action in foreign affairs. . . . It was unanimously felt that the policy of the British Empire could not be adequately representative of democratic opinion throughout the peoples, unless the representatives of the dominions and of the Empire were frequently associated with those of the United Kingdom in considering and determining the course to be pursued."

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as the conduct of foreign affairs calls for constant action and prompt decision, it was recognised that, in the intervals between the gatherings of Prime Ministers, the policy agreed to had to be carried out mainly by the British Foreign Office, with such consultation with the Dominions as is possible by cable and dispatch. Because of this, it was also recognised, however, that no Dominion could be committed to approval or support of any new action undertaken between Imperial Conferences, except by its own Government and Parliament, and that Great Britain, as heretofore, must continue to carry the lion's share of the burden. In all dealings with foreign Powers, whether they were conducted by the British or a Dominion Government, prior consultation is now the essence of the case, for without it there can be no assurance of agreement or support from the rest of the Commonwealth.

That is, roughly speaking, the present constitutional theory of the Commonwealth. The theory has received illustration in two recent events—the enquiry by the British Government as to whether the Dominions would support it in the action it had decided to take in offering, if need be, forcible resistance to the crossing of the Dardanelles by the Turks, and the action of the Canadian Government in arranging that the halibut treaty should be signed by a Canadian minister alone. These events showed that Great Britain, while carrying out a generally agreed foreign policy, carries also the primary responsibility for its execution, the Dominions being free to co-operate or not as they please. They also showed that any of the Governments of the Commonwealth may conduct the negotiations for a treaty with a foreign Power, but that inasmuch as, to quote the Senate of the United States, it applies "to all British nationals," it can do so only after consultation with the Commonwealth as a whole.

Consultation, therefore, to paraphrase Sir Henry Campbell-Bannerman's famous statement at the Imperial Conference of 1907, in addition to "freedom and independence,

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are the essence of the British Imperial connection," because, as Mr. Asquith said in 1911, we are "units in a greater unity."

Let us now examine a little more closely the international and imperial situation with which this constitutional system is now called upon to deal.

III. THE WORLD IN WHICH WE LIVE

IF we take a broad survey of the world to-day, what are the fundamental facts, not the disputes and problems of the hour, with which we have to deal?

The first fact is that Europe has been Balkanised. Before the war Europe consisted of two great political combinations, the Triple Alliance and the Triple Entente, with a number of minor neutral states. To-day it consists of 25 almost unrelated states, each with an army, each with an exclusive tariff, each in financial tribulation, with the League of Nations trying to exercise a feeble unifying influence over Europe and the whole world. But not only is Europe Balkanised, but the war is not yet over. The passions it let loose in the breasts of the two primary combatants, France and Germany, have resulted in another war in a new form in the Ruhr, partly a dispute over reparations and security, partly an explosion of unsatisfied hatred and fear. No progress towards the real pacification and economic reconstruction of Europe can take place until exhaustion or wisdom has brought the combatants in this war to a more reasonable temper. None the less, the restoration of Europe to a stable condition in which men and peoples may work and trade and think in peace must occupy a primary place in the deliberations of the Imperial Conference, for upon it the prosperity and peace of the peoples of the Commonwealth depends.

The second fact is that Russia has ceased to be part of Western civilisation, and has become a law unto itself.

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There is no doubt that the full communist experiment has failed. But the future of this great aggregation of 130,000,000 people is quite uncertain. As the unity and authority of the Communist party declines, as private enterprise extends its scope, especially as the great figures of the Revolution, like Lenin, disappear, Russia may enter upon a new period of anarchy, or it may fall a prey to a new military despotism. It hardly seems likely to join the ranks of the Western democracies for some time. Yet its future affects not only the question of peace, but of the economic restoration of the world, for Russia is one of the great markets for the manufactured goods of other countries, and one of the great exporters of the food and raw products also produced by the Dominions.

Thirdly, there is the United States. Is she coming back into the world? If so, it is the biggest fact of all. Her entry into the war was decisive. Her whole-hearted participation in the task of making the world not only safe for democracy, but ordered so that every nation shall be free to work out its own salvation for itself, would be not less decisive. It would at once bear down the scales, now trembling in doubt, against anarchy and reaction, and in favour of freedom, order and peace. For the moment the issue is uncertain. For a number of reasons, mostly domestic, the United States reacted into isolation after the war was won. She is clearly not going to undertake any such responsibility for the internal affairs of Europe as was imposed upon her under the Treaty of Versailles. Europe she now regards as a glorified Balkan peninsula, and she thinks it ought to settle its internal problems for itself. But all the evidence shows that she is coming back into the world. Lord Robert Cecil, who has recently returned from a political tour in the United States, has declared that though the external policy which the United States will pursue is still uncertain, facts have practically "exterminated full-blooded Isolationists." The tide has turned and public opinion is coming to recognise more and more clearly that

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neither from the moral, the political, nor the economic point of view, can the United States remain for ever in isolation from the rest of the world of which she is part. Indeed, it is obvious that in these days of radio and wireless and aeroplanes no nation can do so. Gradual and cautious, however, as America's re-entry into world politics will probably be, it is an incomparably important fact from the British Commonwealth point of view. The fundamental moral outlook of the United States and of the self-governing peoples of the British Commonwealth is the same. If they can once come to see eye to eye about what ought to be done to end international anarchy, the battle for peace, order and freedom is half won.

These are the big features of the international situation. There are many others, such as Turkey, Mesopotamia, the Far East, but, except in so far as they have bearing on these larger issues, they are minor. Economically speaking, Turkey is a small matter compared with Europe or Russia or the United States, and her power of political disturbance is diminishing hour by hour. The Far East, too, is politically stabilised for the time being by the Washington treaties, and the chief present impediment to economic progress is the internal disorder of China.

This, then, is broadly the situation which the Imperial Conference will have to consider. It is not the purpose of this article to attempt the formulation of a precise foreign policy, especially as the more immediate problem of the Ruhr is dealt with elsewhere. But there are certain questions which ought to be answered if the policy of the Commonwealth is to be firmly founded.

The primary concern of the British Commonwealth in Europe is not only that it should return to political and economic sanity as soon as possible, but that in doing so it should not revert to that system of armaments, alliances and the balance of power which has always ended, in the past, and which must in the nature of things end in the future, in world wars. How is that to be done? Is the

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Treaty of Versailles, apart from reparations, with its basing of Europe on nationality, its disarmament of Germany, and the League of Nations, a good beginning? If so, what is needed to make it more effective? If not, what is the alternative? What part ought Great Britain to play? Ought she to assume engagements of a political character inside Europe, obviously affecting the rest of the Commonwealth, or ought she to return to her traditional policy or standing outside the European political system, but doing all she can to help Europe to reach a condition of stable peace? Similarly, ought she to assume commitments at the Dardanelles, or ought she to return to the old policy of standing guard outside? Obviously in all this the Dominions' view and India's view is just as important as Great Britain's. Great Britain, perhaps, is inclined to be too preoccupied with Europe. The Dominions, perhaps, are too inclined to ignore its importance. The truth is probably somewhere in between. In any case, it is a question for the Commonwealth and not for Great Britain to decide, for unless the policy represents an agreed view, based on real discussion and understanding, it is likely to tear the Commonwealth in two when difficulties arise. Then there is the Pacific. Do the Washington treaties permanently stabilise the position? If not, what may happen when they cease to function? Is the fortification of Singapore really wise or necessary, or is the air defence of London more urgent?

What of the League of Nations? Manifestly the League of Nations can become an immense factor in maintaining peace and straightening out international tangles—provided all the nations of the world join it and really try to make it a success. For the moment, with Russia, Germany and the United States outside, it is hamstrung. One cannot judge its possible usefulness by what it is able to do now. On the other hand, what if reaction goes still further, and the dreams of 1919 recede further into the future, and the world, with a revived

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Russia, a still militarised Europe and an awakening Asia suspicious of the West, returns to its old ways, how is the safety and freedom of the Commonwealth to be secured?

Then there are economic questions. The crying need of the time is for an all-round reduction of tariffs everywhere. Prosperity and employment will never return to a world divided into a vast number of trade-tight compartments. Is it possible to promote progress towards it? Again, is it possible to take practical steps to increase the volume of inter-Imperial trade? Is preference the best way? Which would really be best, an international agreement to reduce tariff barriers everywhere, or a new scheme of preference? Are the two compatible? The United States has already challenged the preferential system on the ground that the Commonwealth must stand on one leg or the other; either it is an entity or it is a number of separate states. It objects that it cannot claim that the preferential system is no infringement of the most favoured nation clause, on the ground that it is an internal affair of a single international state, and at the same time claim six votes in the Assembly of the League of Nations. Fortunately, perhaps, the United States is in no position to throw bricks at anybody about discriminating economic policies. Then there are questions relating to trade in non-self-governing territories. Controlling, as the Commonwealth does, a quarter of the globe, there is no aspect of its policy which foreign nations watch with more jealousy. Are we going to maintain strictly the policy of the open door, or is it to be whittled away with export taxes and other expedients, inevitably leading to international complications? Is not the right policy an international agreement for the universal open door? And what about the control of oil supplies, rubber and tropical products?

Then there are some problems inside the Commonwealth. The effect of the war and of the propaganda for self-determination has been to weaken the old foundation of

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government in India, also in Egypt and certain other areas under the general control of Great Britain. The peoples of these territories have demanded, and rightly demanded, that they should begin to share in the responsibility of their own government, and steps have been taken, under the Montagu-Chelmsford reforms, the Allenby settlement in Egypt, the Malta constitution, and in other ways, to meet this demand.

But these reforms have not yet brought peace in their train. Large bodies of political opinion in the countries concerned regard them as inadequate or unreal, and have been fighting and are fighting for the more or less immediate removal of all external supervision and direction. These extremists are supported and encouraged to a large extent from foreign lands for ulterior reasons. On the other hand, there are reactionaries who seem to be convinced that the only plan is to abolish the reforms and go back to the benevolent despotism of the old days. The problem is complicated by the increase of colour feeling on both sides in recent years, and the extraordinary importance now attached to questions of status by all Asiatic peoples.

Moreover, the Indian question is largely discussed in an atmosphere of unreality, of ignorance of the true nature of the difficulties. India is not a little nation "rightly struggling to be free," as some sentimentalists seem to believe. Nor is it composed of people wholly unfit and incompetent to govern themselves, as others profess to think. The real difficulty in India arises from its size. India is to all intents and purposes a continent like Europe. It contains 319,000,000 people, divided into many races, speaking 11 main languages and many minor ones, divided between two hostile religions, and held in a social system the most rigid and priest-ridden in the world. It may be practical politics that provinces within India, united in race and language and geography, should, like the nations of Europe, within measurable time, become self-governing entities with democratic leaders and electorates. But to talk

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as if India as a whole could become a democracy at once, without sinking into chaos, is a fond dream. The most successful large scale experiment in democracy yet seen, the United States, contains only one-third of the population of India, speaks one language, is predominantly of one race, and has had a hundred and fifty years of experience in the art of self-government. Yet even there pessimists are doubtful whether it is not already overgrown. The question is not between Britain directing the government of India or of India governing itself, but between India, with its nine provinces and 700 native states, and savage neighbours, making steady progress towards self-government within a constitutional structure of law and order, sustained for the present largely from without, and falling into a state of anarchy to which Russia or China would be child's play.

Moreover, this is not a matter which affects Britain or India alone. If India were to go into chaos, the consequences to the peace, prosperity and employment of all the other peoples of the world would be immense. The political consequences it is impossible to foresee. The economic effects are more clear. To take one instance alone. Trade between India and Britain would largely cease. That would mean that Lancashire could neither buy its raw material from America, nor its goods from the Dominions. There would be distress in all these lands, and it would be the same with half the other industries of the world.

What is true of India is hardly less true of Egypt. Egypt is by comparison a small homogeneous country. So far as numbers are concerned, the problem is infinitely more manageable. But Egypt suffers from other complications. It is astride one of the great highways of the world. The number of foreigners permanently resident in Egypt is enormous. The westernisation of the economic life of the country has gone farther than in any other Oriental country. If Britain were to withdraw precipi-

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tately, before a reasonably efficient alternative system of government had been established, it would certainly lead to foreign intervention, and probably to international complications of a far-reaching kind.

The price of a great deal of human progress is the needless suffering of alternate violent revolution and violent reaction. It is the genius of the Commonwealth that it adjusts itself to growth in human thought and change in human circumstances by constitutional means, and after full consideration of the facts in a spirit of reason and goodwill. If progress is to come in India and other not yet self-governing parts of the Commonwealth without war and revolution and death and disaster to millions, it will be because both reaction and revolution are held in check, and sane progress along constitutional lines is firmly maintained. Hardly less important is it that the relations between the self-governing and not yet self-governing parts of the Commonwealth should be conducted on a basis of sympathy and understanding. There is no other way of doing this save that their representatives should meet and discuss things in a responsible atmosphere face to face. The Imperial Conference, containing as it does representatives not only of Great Britain, but of the Dominions and of India, is precisely the body to consider these questions in their larger aspects, and thrash out a policy which will command the support of thinking and moderate minded men, and which will be the more likely to prevail because the best opinion of a united Commonwealth is behind it.

IV. DIVERSE OPINIONS

IT is manifest that the Imperial Conference can come to no definite decisions on most of these points. Time must pass before the future of Russia, the subsidence of passion in Europe, the formulation of its ideas by America,

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the tendencies in Egypt and India and the Far East, can become clear. And it is not until these things have come about that any special action by the British Commonwealth is possible. Foreign policy, however, is a continuous matter, and it is on the general direction of policy, rather than on decisions taken at any particular, and especially at the last, moment that a future of peace and prosperity, or anarchy and war, depends. That is why periodic conferences between the nations of the Commonwealth, with all the cards on the table, is so important, and why the question of the machinery for continuous consultation about foreign affairs in between the Imperial Conferences is beginning to loom so large. The weaknesses of the present system were clearly revealed by the Chanak episode. Whether the meeting of Prime Ministers in 1921 discussed Turkish policy, and if so, what policy they agreed to, is not yet clear. But the sudden enquiry by the Prime Minister of Great Britain last September whether the Dominions would actively support Great Britain in its decision to offer a military resistance to any attempt by the triumphant Turkish army to cross into Europe, gave rise to a controversy which is still unsettled throughout the length and breadth of the Commonwealth.

Broadly speaking, political opinion fell into two schools. On the one side were those who said that inasmuch as Great Britain was on the international bridge and had sent out an S.O.S. there was only one thing for the nations of the Commonwealth to do, and that was to answer the call to the best of their ability. This opinion was strengthened by the demand from thousands of reservists to be allowed to enlist and to be sent to the front in the event of war. On the other side, were those who said that it was impossible for any self-governing country to have the question of peace and war settled over its head, and that it was for each Parliament within the Commonwealth to decide what, if anything, it should do, after consideration of all the facts.

Fortunately, the action of the Lloyd George Government

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had its effect on the Turks, and war did not occur. But the famous telegram, like a flash of lightning, had revealed that while the war had removed the external menace to the Commonwealth, it had done nothing to solve the fundamental problem of how a single Commonwealth, controlled by six independent Governments, was going to arrive at and maintain a single policy in external affairs.

So far as can be judged, opinion is very varied. So far as Great Britain is concerned, there have been no recent official pronouncements. There is little doubt, however, that the feeling has been growing that Great Britain is carrying too great burdens. The agitation against remaining in Mesopotamia and Palestine are cases in point. The Labour party strongly stresses this view. There is a tendency to demand that the new world, including the United States, should begin to take up its fair share of the burden of maintaining peace, freedom and order on the earth.

Mr. Mackenzie King is reported in the Press to have declared that "Canada should not involve herself in British wars unless she was directly interested in them." An influential group, headed, it is said, by Sir Clifford Sifton, goes further and considers that complete national and international independence, effected of course in friendly agreement, is the only logical step for the Dominions now to take. Mr. Meighen, on the other hand, the leader of the Conservatives, insists that if Canada is to play an honourable part in the work of the world, she must remain an integral and active part of the Commonwealth, which he has described as "the finest and most practical League of Nations." The Commonwealth, however, in his opinion, could only hold together if all its units carried a fair share of its burdens and there was evolved an effective system by which the Dominions would exercise a continuous and effective voice in foreign policy. "This," he added, "is a matter of time and time alone will solve it."

General Smuts stands upon the same ground as Mr.

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Mackenzie King, in his insistence that each nation within the Commonwealth must be perfectly free to decide upon what part, if any, it shall play in the international activities of the Commonwealth, but he is a great deal more enthusiastic for the Commonwealth itself, because he believes it is blazing the way towards an eventual commonwealth of all nations. Thus, at the time of the Chanak incident, he said in a public speech, "Forces are being let loose in Europe which may mean war, even ending in the ruin of European civilisation. The time is rapidly coming, if it has not come already, when the Commonwealth must define its position in certain eventualities and declare it to the world."

The New Zealand view was expressed in a phrase used by Sir John Salmond, at the time of the Washington Conference. "As a representative of the Dominion of New Zealand and of the British delegation, I desire to make it clear that New Zealand neither possesses nor claims any separate international status."

The attitude of Australia has recently been made clear by Mr. Stanley Bruce, her new Prime Minister. "An Empire such as ours," he said, on February 22, "a chain of independent nations sitting as equals in the councils of the world, is a great thing; it may easily become a dangerous thing unless we have a common foreign policy and a common policy of defence. Defence and foreign policy are now equally the concern of all. Foreign policy necessitates consultation, and consultation can come only by conference between representatives of the mother country and the overseas Dominions . . . When Britain alone was the voice of the Empire it was right perhaps that she should bear a greater burden of defence. That day has gone. Britain cannot now speak for the whole Empire, and she cannot, if she would, assume the full responsibility for its defence. . . . A common economic policy based on mutual welfare is as essential as a common policy of defence. . . . The welfare of the British citizen is as vital to us as the welfare

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of the Australian citizen." And later he said that Australia was unable to shoulder the burden of armaments for complete self-protection, and an Empire defence scheme was most essential.

It is evident that apart from Great Britain, which still carries the greater part of the load, there are two tendencies, one represented by Canada and South Africa, and the other by Australia and New Zealand. The former are still thinking in terms of the point of view prevalent from 1917 to 1922. The latter, partly perhaps by reason of their exposure to greater international danger, are now more insistent on the need for unity than for independence within the Commonwealth.

The difference, indeed, corresponds to the difference in procedure at the meetings of the League of Nations and at the Washington Conference. At the Assembly of the League, whose debates and discussions have no executive character and are designed to affect the public opinion of the world rather than to bind Governments, the nations of the Commonwealth, while maintaining a friendly association, speak and act with comparative independence. At the Washington Conference, where the realities of naval power and foreign policy were dealt with, the procedure, as set forth in Sir John Salmond's report, was as follows: "Although, in the process of discussion and negotiation, the representatives of the Dominions had and exercised the same right of audience as any other delegates, they never voted separately on behalf of their own Dominion on any question. The final decision in every case was that of the British Empire as an indivisible unity."

V. "THE ROUND TABLE" POINT OF VIEW.

IN view of this conflict of opinion and the present transitional condition of politics, and of the approaching Imperial Conference, it may be useful to set forth the view

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which THE ROUND TABLE holds of the new Imperial problem which has arisen since the war.

(1) The British Commonwealth exists not for purposes of conquest, or exploitation, or power, but in order to secure peace and freedom, and the right to work out their salvation for themselves to all the peoples and races within it. It has, in the past, achieved this result to a remarkable degree considering the world of powerful and warring states in which it is placed, and the difficulties with which it has been confronted by differences in race, language, colour, religion, and so on within itself. War has tormented its peoples to a far less degree than any of the peoples of Europe, and when attacked from without, as occurred in 1914, it has successfully defended its freedom. At the same time, the protection of the rights of the individual and the growth of responsible self-government among its peoples has been steady. This can be seen in the remarkable development of the Dominions, and their achievement by peaceful constitutional process of full national status within the Commonwealth. It can be seen in the introduction into countries, like India and many other areas, of good government, an advanced system of law, education, higher material prosperity, and the ending of brigandage, the slave trade and endless war. Not least can it be seen in the more recent attempt to introduce responsible government into India under the Montagu-Chelmsford reforms, in Egypt, Malta and elsewhere.

It is easy to point to mistakes and defects. There are many respects in which the system of the British Commonwealth has failed. But on the whole it has been an undoubted success, a blessing to its members, and so far from showing signs either of decay or ossification, is manifesting an extraordinary vitality and flexibility in these days of stress and change.

(2) The problem which presents itself to the peoples of the Commonwealth to-day is a far-reaching one. Shall they allow it to dissolve into its elements on the ground

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that it has outlived its usefulness, or that the burdens of membership are irksome to themselves, or shall they sustain it and gradually introduce such changes in its workings as will adapt it to the new needs of the time?

There are two main arguments for the policy of dissolution. The first is the case of the Nationalist that true nationhood requires an international status or that it will pay the separate parts better to set up on their own. The second is the case of the idealist, that the work of the Commonwealth can now be better done by the League of Nations.

So far as the argument that dissolution would pay is concerned, we think it largely based upon the fallacy that there is a choice between freedom and obligation. There is, in reality, no such choice. If the Commonwealth were dissolved, its units would still be part of a warring world. Indeed, they would be part of a much more warring world, for if the authority and power now exercised by the Commonwealth for peace and order were destroyed, and its break up would instantly cut Great Britain's influence in two, authority and power would pass to more reactionary Powers, and there would probably begin a scramble for its outlying territory. The crises and burdens, the anxieties and expense of maintaining diplomatic services, armies and navies sufficient to enable each of the units of the Commonwealth to stand alone would be infinitely greater than they are to-day. It is very doubtful, indeed, whether any of the units in the Commonwealth can yet afford to dispense with the stability and security which responsible membership of the Commonwealth now affords them. Certainly, as the Great War showed, Great Britain could not afford to dispense with overseas support when the real trial came. And what is true of Great Britain is probably no less true of each of the other units in the day of wrath. The Chanak episode, indeed, was not a consequence of membership of the British Commonwealth. It is what happens all the time in international affairs.

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On the other hand, would dissolution into independent international nationhood really meet the desire for full nationhood? It is obvious that outside the Commonwealth the influence of the Dominions would be, at present, very small. At international conferences the necessity to reduce numbers to manageable proportions results in all the real business being done by a few big Powers. In ordinary diplomacy, it is the naval, military or air force that a nation can put into the scale that counts when serious issues are at stake. Thus at Paris, Belgium, Roumania, Brazil and all the lesser Powers had practically no say, except when their own immediate affairs were at stake. Yet the British Empire delegation, so far as time would permit, discussed every problem of moment, and their view was directly presented in the Council of Four. The position was even more strikingly disclosed at the Washington Conference. If it had not been for their membership of the British Commonwealth none of the Dominions would have been consulted at all. As it was, the naval discussions had gone a considerable way before France and Italy were consulted, and the lesser Powers never had a look in. Yet the representatives of the Dominions took an equal part in shaping from hour to hour the course of British policy. There can be little doubt that, except on the debating floor of the Assembly of the League of Nations, the influence of the Dominions as separate nations in promoting world peace would be proportionate not to the power of their speaking voice, but to the armed force they could each separately throw into the scale.

There does not, therefore, seem to be any solid reason for thinking that it would pay the units in the Commonwealth to dissolve it. Nor, if nationhood means taking an active and responsible part in the affairs of the world in which we live, would dissolution add to their international influence and standing. Is there a way, however, in which all the units can exercise real power and carry real responsibility in directing world affairs, within the Commonwealth?

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We believe there is, but will discuss it in the next section.

Let us now examine the second argument for dissolution. Can the League of Nations do better the work hitherto done by the Commonwealth? This review is a loyal supporter of the League of Nations. Obviously the ideal which underlies it is sound and the great hope of the future. Unless the nations of the world are willing to meet regularly round a table, air their grievances and prejudices, and discuss publicly and in Parliamentary form the problems of the world, there can be no hope of lasting peace. A permanent return to the policy of national isolation and the religion of national selfishness must lead to competitive armaments and another world war. The League of Nations, or some modification of it, is absolutely essential to progress towards the abolition of war, security for national freedom, and the evolution of some more intelligent system of adjusting international disputes than armaments and trial by battle.

THE ROUND TABLE further supports the existing system of representation within the League. In gatherings the main purpose of which is the free discussion of world problems every national governmental entity should be represented, and the more voices that can be raised by the democratic and progressive peoples the better. It is clearly undesirable, as it is politically impossible, that in such a gathering as the Assembly of the League the British Commonwealth, with its peoples scattered all over the face of the globe, should have but a single voice. The more vigorous the activity of every part of the British Commonwealth in the League, after consultation with one another, the better.

On the other hand, it is neither common sense nor in accord with the facts to believe that the League of Nations is now, or can be, for many years to come, an effective alternative to the existing system of maintaining the security and freedom of nations. A considerable change

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both of heart and of mind among the peoples of the earth must come about before the nations can abandon defensive armaments or do without the machinery and methods of diplomacy. The only alternative to every nation being prepared to defend itself and its rights is the formulation and enforcement of laws governing all nations, and while the League of Nations is the means of gradually bringing this about, it is obviously a long way from having succeeded yet. Under the existing Covenant the League of Nations has no executive authority, no money, and no force, save what its members voluntarily give it from day to day. It is in its very nature an organisation for consultation, with a permanent machinery for dealing with relatively non-controversial matters. Its ability and power either to execute its own decisions or to defend its members depends entirely upon the willingness of the leading nations composing it to act on its behalf.

Therefore, for much time to come, the practical conduct of the world's affairs will run on very much the same grooves as during the nineteenth century, with the League of Nations exercising a progressively more potent influence on the attitude of all nations. Anybody who stops to consider the ambitions and policy of nations like Russia, or Japan, or Poland, or tries to estimate what Germany or Italy will stand for a few years hence, or speculates on whether the war-fever has passed from the Mohammedan countries, or on what may happen in China, or on the difficulties which the colour question will introduce into international relations as Asia and Africa stir into life, must realise that we have not yet passed out of the era of force in human affairs, and that it is still as impracticable to rely upon nothing but sweet reasonableness in international affairs as it is to abolish the machinery of law and order, with its policemen and prisons, inside the civilised state.

For these reasons THE ROUND TABLE, while supporting the League of Nations to the full, remains an enthusiastic

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and unrepentant believer in the British Commonwealth of Nations. The time may come when the League of Nations may be able to induce world opinion to create an organic system which will end war by creating the machinery necessary to adjust international problems by constitutional and legal means. When that time comes we can cheerfully merge the British in a world Commonwealth. In the meanwhile the British Commonwealth not only gives freedom and security to its members, but, as will be shown, so far from impeding progress towards that ideal, helps enormously towards it.

If we are to make any progress towards an ordered world it will be because the progressive peoples can exercise real influence and real power within it. Is it really going to help that Russia, or Turkey, or a revived Germany, or a Japan reverted to militarism, or even France and Italy, should find themselves confronted not with the authority and resources of the Commonwealth that did so much to defeat the Prussian menace, but by a number of scattered peoples almost as impotent as were Denmark or Holland in the Great War? There can hardly be two opinions that the British Commonwealth can do more to prevent a repetition of the catastrophe of 1914 than can Great Britain, or Australia, or Canada, or South Africa by themselves.

What the world needs now is not more self-determination, more Balkanisation, but some measure of unity. The greatest cause of war to-day is that self-centred nationalism that refuses all association or comradeship or partnership with other nations. There is only one instance of peoples rising above this devastating and unchristian passion, and that is the British Commonwealth. Yet that unity is based, not upon coercion or authority, but upon the exercise of a free choice. If the nations of the British Commonwealth cannot resist the Balkanising tendency and maintain their unity, what hope is there of the League of Nations giving unity to nations divided by race, language and colour? For if the League is to be effective, it will not

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be merely because 70 suspicious and selfish nations agree to sit round a table, but because it develops a spirit of brotherhood and self-sacrifice among its members, a sense of living for something greater than themselves, which will lift them to the level of subordinating their separate ambitions to the common good, and of shouldering their share of the responsibility of maintaining world peace. Where does that spirit exist to-day, except among the nations of the Commonwealth which sprang to arms directly the Prussian challenge was thrown down, and brought men by the hundred thousand from the ends of the earth in defence of human freedom?

From every point of view, therefore, whether from that of freedom and self-defence, or of exerting influence for peace and sanity in the conduct of the world's affairs, or of helping forward the League of Nations in its drive for world unity and world peace, it seems to THE ROUND TABLE that the unity of the Commonwealth ought to be preserved. For the maintenance of that unity it stands unequivocally and without reserve.

(3) THE ROUND TABLE does not, however, and never has, believed that the existing system of Imperial organisation was really satisfactory or could work well except under such exceptional circumstances as those of the Great War. It has always advocated that the status and powers and responsibilities of all the self-governing nations within the Commonwealth should be the same. The last thing it wants is in any way to derogate from the complete independence and freedom of action of each of its members, or to claim for Great Britain any place of privilege, authority, or special power. It does not consider that, under present circumstances, with the German menace gone, with the necessary preoccupation of the Dominions with the problems of their own internal development, with the disparity in population of Great Britain and the overseas nations, and above all, perhaps, with the uncertainty that attaches to the part that the United States is going to play in the

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world, that any organic reconstruction of the constitution of the Commonwealth is practical.

None the less, the existing organisation is not satisfactory. On the one side it leaves on Great Britain the responsibility of conducting the foreign policy of a commonwealth which contains a quarter of the people of the globe, and of maintaining at its own cost the diplomatic service and the Army and Navy needed for the purpose, and that without adequate means of knowing whether its policy is approved and its acts will be supported by the peoples for which it is supposed to speak. On the other hand, it gives the Dominions no effective voice in the control of foreign policy and leaves them in a position in which they may be confronted from time to time with the alternatives of taking sides in a dispute or part in a war about whose origin they may know very little, or of leaving the rest of the Commonwealth in the lurch—a decision which might not only gravely damage their fellow-members, but might involve them in internal strife almost amounting to civil war. The realities were vividly brought out in the Chanak episode. Here was an international situation fraught with very grave possibilities for the future peace of the world. The British Government, with its military and financial resources strained to the limit, and deserted by its allies, did not know whether it could rely upon the support of the oversea nations. The Dominions did not know whether the crisis had arisen through mismanagement, or even whether the need was a real one, for every kind of partisan rumour was flying round. Yet time was manifestly all-important. Opinion everywhere was deeply divided. If the crisis had continued there would have been a serious and dangerous situation in more than one Dominion. It is obvious that neither the Commonwealth as a whole, nor the parts of which it is composed, can develop peaceably if they are subjected to these sudden and demoralising strains.

What has happened to bring about this unsatisfactory

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state of affairs? The Commonwealth is clearly back in the condition in which it was before the war. Great Britain is in practice carrying almost the whole day-to-day responsibility for conducting the affairs of the Commonwealth. The Dominions have few current responsibilities, but they have large contingent liabilities, while, to quote Mr. W. M. Hughes, "in theory we have a voice in shaping foreign policy. In practice our voice is generally a mere echo." The answer in the opinion of this review is clearly this, that both Great Britain and the Dominions have been assuming that victory in the great war meant that there would be no more serious international trouble in the world for a long time, and like the United States, have slipped back to pre-war "normalcy." Great Britain has "carried on" with foreign and imperial policy, and the Dominions have once more become preoccupied with the problems of their own development.

But the solution is not to dissolve the Commonwealth, for reasons already given, but to adapt the system of the great war so far as is practicable to post-war needs. During the war there was no difficulty about status, or consultation, or control, because all parts of the Commonwealth were equally interested in the great problem of the time, and shared in the responsibility for dealing with it, and the constitutional machinery of the Commonwealth adapted itself easily to the task. Nobody at that time thought that the Dominions were taking a dependent part, or that Great Britain was arrogating to herself too great a share. The system of co-operation and consultation worked well because every nation was pulling its full weight.

THE ROUND TABLE believes that the system of consultation could be made to work equally well now, if there was to-day a similar interest in international affairs in all parts, and equal desire to share in the responsibility for maintaining international order and peace. But at present there is not, and that is the root of the difficulty. Instead of everybody being preoccupied with the German menace

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there is a widespread difference between the situation and interests of the various parts of the Commonwealth. Great Britain, for instance, is necessarily much more immediately concerned with Europe than any Dominion. She is also primarily responsible for law and order and progress in India, in Egypt, and elsewhere. Australia and New Zealand are specially interested in the Pacific, South Africa with the affairs of Africa, Canada with North American problems. But for the moment each part is chiefly interested in its own section of the globe, and is thinking little of the problems of the world as a whole. When it comes to realise that its own economic problems are only soluble in terms of the whole; that the real question is whether we are going to drift back to another world war, or whether the progressive nations combine to stabilise the world, as they combined to overthrow Germany, there will not be much difficulty in recreating the same sort of consultative machinery as existed from 1917-20. Whether that day will come soon or late none can say. It depends on events in Europe. It depends upon the policy of the United States. It may not come until Great Britain announces, as she is bound eventually to do, that she is no longer able to guarantee the order and peace of the Commonwealth, by herself, or to assure the security or freedom of the parts.

In the meantime, however, is it not possible to remedy the defects of the present methods within what is practical, and make the system of consultation far more effective and real than it is to-day? We think it is.

Owing to the fact that the High Commissioners are not selected primarily for political or diplomatic qualities, and are overburdened with work of a commercial and consular character, and that Governors-General are now selected for their fitness in discharging a strictly constitutional function, and not because of their ability to inform the Colonial Office about political opinion in the countries over which they preside, the mechanism for mutual information between Great Britain and the Dominions is less effective

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than that which is normal between foreign countries. The Foreign Office has to conduct its affairs in almost total ignorance about opinion in the Dominions, and the Dominions remain in almost total ignorance of what is really going on in the outside world. That does not mean that immense volumes of cables and memoranda do not pass from London to the Dominions. They do. But it means that no amount of paper is a substitute for personal contact, and that without personal contact even informative paper ceases to inform.

It has often been suggested that these difficulties should be overcome by the Dominions keeping one Cabinet Minister always in London, who should hold regular meetings with the Secretary of State for Foreign Affairs, the Secretary of State for War, the First Lord of the Admiralty and the Committee of Imperial Defence. But this proposal was made by the British Government as long ago as 1918, and has been open ever since, and has never been accepted. There are difficulties from the Dominion side in sparing Ministers. It involves a change of personnel with every change of Government. As a matter of fact, it would not, except occasionally, produce the type of man required.

In the opinion of this review the system of Imperial co-operation will only work smoothly during its present phase of imperial and international development if the Commonwealth adopts within itself a quasi-diplomatic system. If the Dominions and Great Britain are to understand one another, it is not secondary politicians nor ordinary civil service officials who are needed as intermediaries, but men of the same character as ambassadors, men, that is to say, who specialise in political and economic observation, who are dissociated from controversial politics, yet who have the standing and independence and pay to enable them to deal with the Ministers of the Government to whom they are accredited on equal terms. A Canadian writer recently wrote: "The Canadian universities are now

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turning out every year scores of young men by whom a Canadian diplomatic service could easily be manned, and the other Dominions ought to be in a similarly fortunate position." If men of this type were sent to London, either as High Commissioners, or under some other title, there would be no serious difficulty in making the co-operative and consultative system far more effective than it is to-day. If their primary functions were to study international and imperial problems, to meet regularly with the heads of the British departments, to keep in contact with foreign Ministers, and where necessary, in person or by deputy to investigate menacing foreign problems for themselves, they would not only be able to keep their Governments really informed, but the representations they would make to their own Governments would have the authority of knowledge and experience behind them, and would not simply be a reflection of the Foreign Office point of view. If any Dominion Government then disapproved of any foreign policy, it could dissent in time, and if the policy was not modified, a special conference could be held, or the whole subject ventilated in Parliament. In any case when crises did arise, as they are bound to arise, each Government would be in a position to enable their Parliaments to decide immediately, and not in the dark but on the merits of the case.

It is also worth considering whether the British Government does not require some equivalent representative in the Dominion capitals. It has now become the accepted practice that Governors-General are appointed only with the consent and approval of the Dominion Governments. That tendency may lead on to Governors-General being selected no longer from England, but from each Dominion itself. In that case some arrangement will have to be contrived for keeping the British Government properly informed about Dominion opinion and affairs. It is, indeed, a question whether the British Government can go on relying for its knowledge of Dominion needs and

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opinion on the reports of an avowedly non-political constitutional Governor-General, and occasional telegrams of protest or enquiry from a Dominion Prime Minister. If foreign policy is to be a Commonwealth and not a British policy, those who are at the centre must be put in a position of understanding the needs and opinion of every part.

Finally there is the correlated problem of treaties and the appointment of Dominion ambassadors to foreign countries. The present constitutional practice has already been summarised. It is that any one of the King's Governments can enter into negotiations with a foreign Power, but that, save in minor matters of purely local concern, inasmuch as its acts bind the whole Commonwealth, it can only conclude them after consultation with the other members and with their consent, a consent which is made effective by the fact that plenipotentiary powers are only issued by the King on the advice of the British Government, which is still primarily responsible for seeing the Imperial policy is consonant with the interests and desires of all parts. Presumably the same limitation would necessarily apply to the acts of any Dominion ambassador accredited to a foreign Power.

This review would welcome the increasing activity of the various Governments of the Commonwealth in international affairs, provided that in proportion as that activity increases, the machinery of consultation with the other members is also perfected. The line of advance which it foresees is not one which subordinates the views of the other Governments to those of Downing Street, but rather which brings every Government more and more in touch with the realities of the world in which we live, and at the same time makes the policy of every part and of the Commonwealth as a whole more and more responsive to the responsible views of every Government through constant consultation between all. There does not seem to be any insuperable difficulty in greatly improving the working of the present consultative system if everybody wishes to do so.

Conclusion

VI. CONCLUSION

THE real question which lies before the peoples of the Commonwealth is whether it is through the Commonwealth or through complete international independence that their own and mankind's best interests will be served. On the answer to that question everything else depends. If the answer is yes, it will not be difficult to work out the machinery of consultation suited to our present times. If the answer is no, no tinkering with machinery will prevent dissolution. The issue will not be answered in an hour or a year. The Imperial Conference will probably not discuss it. Public opinion will only formulate slowly under pressure of thought and event. But sooner or later it will have to be decided.

THE ROUND TABLE believes that when the problem is fully understood the peoples of the Commonwealth will stand in overwhelming majority for the maintenance of the Commonwealth as a constitutional partnership of free peoples, united in an indissoluble allegiance to one another. From one angle it sometimes appears as if the alternatives before them were between freedom on the one side and burdensome responsibilities on the other. That is really a fallacy. We are all living in a world of discord, antagonism, jealousy and hate, slowly struggling, let us hope, towards better understanding and unity and peace. Earlier pages in this article have pointed out how the dissolution of the Commonwealth would not diminish those responsibilities, but would immensely aggravate them, for everybody. Its member nations are perfectly free to urge their views about international policy on their fellow nations of the Commonwealth or on the League of Nations, to dissent from any policy that may be formulated, to co-operate or refuse to co-operate in any action that may be taken. The one thing they are not free to do is to retire into a monastic

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seclusion in which they can shut out the cares of the world in which they live. Resolutions will not affect the price of wheat or wool or meat in the world's market, nor the attitude of Asia about emigration, nor the Turks, nor the Ruhr, yet the future peace, freedom and prosperity of every nation on earth depends on the way in which these problems are solved.

From another angle it would appear as if the alternatives were between dependence inside the Commonwealth and independence outside. That is also a fallacy. The real reason for the absence of an effective control over foreign policy by the Dominions is that they are not for the moment interested in foreign policy and do not exercise their right to participate in the control and to share in the responsibilities of the Commonwealth, as they did during the war, at Paris, and at Washington, and that Great Britain is left to carry practically all the international burden alone. But there is nothing to prevent them from doing so. The real alternatives are between the nationhood which is ready to play an active and responsible part in world affairs and the sort of moral inertness of some of the neutrals of the late war. Independence is not so much a matter of status as of thinking, responsibility and action. We believe that the British nations, when they come to deal with international affairs, will find that they have more real independence and more power as active members of the directing group of the British Commonwealth than in any other way.

But there is a more important aspect still. We are at one of the great turning points of the world's history. The looming military autocracies of Europe have been overthrown. Nationalities everywhere have obtained their freedom. But unless the leading peoples can do something to bridge the gulf of isolation which separates the units in a Balkanised world, it is only a question of time for a competition in military armaments and the growth of autocracies to reappear. The League of Nations is a step in the right direction. But it is still a feeble step,

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and it cannot be a real success until all nations are loyal members, and until it develops a corporate spirit sufficient to induce its members to make sacrifices for one another and to assume obligations for the common good. There is only one commonwealth in the world where such a spirit effectively exists. It is the British Commonwealth of Nations, and the power of its spirit was shown in the great war. Are we going to reject that spirit, sink to the level of the nations who are thinking only of themselves, blast the greatest hope of man and make inevitable another world war, by destroying the only international commonwealth which exists?

For that is what is involved in the issue which now lies ahead. Nothing less. We can lead mankind towards unity and peace, by proving that nations can live for something greater than themselves, and that they can conduct the policy and share the responsibilities of a world-wide commonwealth because they are willing to accept the obligations which partnership in an indissoluble Commonwealth of free peoples entails. Freedom is not to be found in doing just as we please. It is not to be found in isolation from our neighbours. It exists only in active and responsible membership in a community governed by law. We pride ourselves that we have led the world along the road to individual freedom by creating the first commonwealth where law and government were made amenable to popular control. Are we not going to lead it along the road to peace by proving that nations also can find freedom in constitutional unity under the reign of law which they themselves control?

FRANCE AND GERMANY

THIS article is written immediately after the failure of the first attempt which has been made since the French occupation of the Ruhr to reach a settlement by negotiation. A German offer, which was directly invited by the British Foreign Secretary, has been abruptly and scornfully rejected by the French Government. The immediate prospect is unpromising. It would seem to be the duty of all who value peace in Europe not merely to declare their attitude towards the German proposals, but to examine the results of the Ruhr expedition and to state, or re-state, the conditions on which in their judgment a permanent agreement, economic and political, between Germany and the Allies is attainable. If ever there was a time when an honest and candid expression of opinion was called for, it is the present. No purpose can be served by blinking at realities because they are disagreeable, or by repeating catchwords which have lost their meaning. For the British Commonwealth in particular a passive neutrality can no longer be reconciled either with the national interests or with the needs of Europe. We are bound to ask what is to take its place. These, briefly, are the premises on which this article is founded.

Since the first mention of the occupation of the Ruhr Valley as a means, direct or indirect, of extorting reparation payments from Germany, THE ROUND TABLE has been at pains to expose what it regarded as a delusion. The experience of the last few months has confirmed the worst premonitions expressed by this review, and by those who

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shared its views on this subject. The Ruhr occupation has brought, first and foremost, far-reaching economic disorganisation, not reparations but conditions which precluded reparations, not trade but the strangling of trade, not prosperity but waste on a vast scale. France was receiving before the occupation 40,000 tons of coal and coke a day from the Ruhr. In the first three months of French control the total amount of coal obtained was, it is understood, less than the previous daily average. At the present time the deliveries of coal and coke are only one-fifth of those made voluntarily by the Germans before January. Many blast furnaces in France and Belgium have been damped down. The railways of the occupied area, now completely administered by the French authorities with an army of imported engineers, maintain precariously an infrequent and irregular service. A French authority, writing in the *Manchester Guardian*, has estimated that the loss to France in the first month of the occupation alone, on account of military expenses, the cessation of reparation deliveries in kind, the interruption of the iron and steel industry in Lorraine and the premium on all French imports imposed by the drop in the franc exchange, was 500 million francs. Another French critic, who supports the occupation on grounds of his own, says * of it: "It is worth repeating that we have no excuse if we are in the Ruhr only to take coal or reparations. It is obvious that this method of requisition is the most costly, the most complicated and the most dangerous that could be devised."

To Germany the occupation has been economically even more disastrous than to France. With her richest industrial area isolated not merely from the world but from the rest of Germany, her industries are crippled and her export trade languishes. Unemployment has appeared and is increasing. Such reserves of financial strength as the country possessed are being spent in the vain attempt

* *La Nouvelle Revue Française*, May 1923. "Pour une Entente Economique avec l'Allemagne," by M. Jacques Rivière.

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to keep in check the fall of the mark and in purchases abroad of coal and other products normally drawn from the Ruhr. To finance passive resistance and to relieve unemployment the printing press has intensified its activities. Budgetary equilibrium is no longer even an aspiration; in the first three months of this year the expenditure was 6,000,000,000,000 marks, and the revenue only 1,700,000,000,000. The same disorder has overwhelmed the finances of the States, of the towns, and of most private individuals. Services such as tramways, even in large towns, have been partially discontinued, because it is beyond the power of the citizens to pay fares which are themselves quite inadequate to cover expenses. If the process of impoverishment goes much further, it is difficult to see any prospect ahead except that of widespread ruin.

For the world outside France and Germany, the ultimate consequences of the occupation can hardly be in doubt. Exports to Germany are already confined to the necessities of German existence, such as coal and foodstuffs. The British textile industry has lost a valuable market. Countries like Holland and Switzerland, which were largely dependent on Germany for coal and iron and steel, find their supplies cut off. In Great Britain and in Czechoslovakia, on the other hand, where the industrial structure is similar to that of Germany, the isolation of the Ruhr and its repercussions in Belgium and France have led to a temporary prosperity in certain trades, with a sharp rise in the prices of coal and iron and their derivatives. But the contraction of the usual sources of supply is already found to be an inconvenience in industries such as engineering, and the dislocation of the transport system of Central Europe and the substitution on a large scale of waste and inefficiency for the production of wealth must in the long run react disastrously on the trade of the whole world.

These are some of the results, in the economic sphere, of the Ruhr occupation. Its political consequences are no less serious. In Germany the proceedings of the French

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Government have created a unity of feeling and purpose which is the more striking by contrast with the unconcealed dissensions of States, parties and classes during recent years. The belief is universal and sincere amongst the German people that France has exceeded her rights under the Treaty of Versailles and is seeking not reparations but the ruin of Germany. That fraction of the nation which has remained militarist by conviction finds its ranks recruited under the stimulus of French aggression by thousands who had previously listened with indifference to the propaganda of nationalism. The young men and women of this generation are likely to become the chauvinists of the next. Students in the Universities and colleges, who will be the teachers, the lawyers, the public servants, the engineers of the future, are drifting to the Right. "Plainly it is force," they say, "which rules. France holds that faith and acts on it; the rest of the world looks on. How can we meet force in the end except by force?" It is a view which their fathers, who know what war means and have discarded its illusions, find it hard to combat. In this corruption of youth lies a grave danger to future peace, the graver because of the calibre of the generation which is infected. In these times it needs courage and endurance to be a student in Germany, when a man must earn enough to pay his way and acquire learning on short commons. It is the fittest who will survive, and unless peace comes soon, they will survive as disciples of a vicious political doctrine.

For France the Ruhr adventure has put the extremists into the saddle, not for the next generation but for the present. An enterprise, however mistaken, in which the honour and prestige of a nation are felt to be involved effectively silences criticism at home and conceals differences of opinion. There can be little doubt that the policy pursued by M. Poincaré in the Ruhr is regarded with misgiving and anxiety by many of his countrymen. But their voices are scarcely heard, while the extremists of the Right find it easy to advocate their wildest fantasies. For

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the last four months views which would hardly have found room in print before January have filled the columns of the French Press. First came the concerted attack on the Entente and the suggestion of a continental bloc. When that idea withered under Italian repudiation, there was the demand for a new Treaty, to replace the Treaty of Versailles and to repair its omissions, a Treaty which would settle the position of the Saar Valley and establish the Rhine frontier of France, in fact if not in name, a Treaty which Great Britain would take no part in negotiating but might adhere to if she wished. More discreet, perhaps, but in the same spirit have been M. Poincaré's repeated declarations that France demanded the capitulation of Germany, that she could not abate the full claim for £6,600 million in reparation payments, and that French troops would remain in Essen till the last penny was paid. Negotiation and intervention have been made extremely difficult by the mere inertia of French intransigence, which so far has carried the French Government over the cumulative failures of the occupation.

Yet however serious the obstacle to mediation, it was certain that sooner or later the growing peril to Europe and a simple regard for British interests would compel the British Government to take some step towards a settlement. Lord Curzon's speech in the House of Lords on April 20 was the first divergence from the policy of passive neutrality. The Foreign Secretary reaffirmed the importance of the Entente with France as "the one solid and stable factor in a world of flux." He reminded the world of the proposals for a settlement of the reparations question which had been made by Mr. Bonar Law in Paris in January. They remained open, though in no way "stereotyped or immutable in detail." Whilst expressing a full recognition of Germany's difficulties in the face of the attitude of France, he repeated "advice consistently given to the German Government," that they should make an offer. "I cannot help thinking," he said, "that if Germany were

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to make an offer of her willingness and intention to pay and to have the payments fixed by authorities properly charged with the duty, and if she were, at the same time, to offer specific guarantees for the continuing payments, an advance might be made." As regards security, Lord Curzon's words were "We are also willing at any suitable time in the future to discuss plans or proposals, but this cannot be carried out by the dismemberment of Germany or the setting out of a new and running sore in the heart of Europe. And if guarantees are to be given they should be of a reciprocal nature." There were ambiguities in this speech—what was meant, for example, by "authorities properly charged with the duty" of fixing payments?—and also perhaps an unnecessary insistence on the reality of an Entente which exists only in name. But with these qualifications Lord Curzon's declaration was admirable both in form and manner. It seemed to mark the end of the period of "benevolent impotence" in British policy.

Its effect was seen almost at once in the note addressed by Germany to all the Allied Powers with proposals for a settlement. As the German offer has been widely criticised, not merely in France and Belgium, as inadequate and unacceptable, it is worth while repeating here in a brief summary its main provisions. The financial proposals were those known as the Bergmann scheme which had been prepared for submission to the Allies at Paris in January, but neither presented nor published. Germany's liability was fixed at £1,500 million, of which £1,000 million was to be raised by foreign loans before 1927, £250 million by 1929, and a further £250 million by 1931. On any part of the total not covered by such loans interest at 5 per cent. and a sinking fund of 1 per cent. would be provided. In other words, Germany would pay either £1,500 million in full settlement before 1931 (on the most favourable assumption as to the prospects of foreign loans to Germany) or, on the least favourable, £60 million a year from 1927 to 1929, £75 million from 1929 to 1931, and £90 million

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a year from 1931 for about 36 years. Payments in kind would be included in these amounts. The German Government expressed the opinion that this offer went to the utmost limit of Germany's capacity to pay, but proposed, if that view was not accepted, that the whole reparation problem should be submitted to an impartial international commission. The note enumerated the conditions on which alone Germany would be able to stabilise her currency and meet her reparation liabilities—"that high-handed seizure of pledges and sanctions should cease in future and that Germany should be freed from its present burden of unproductive expenditure and from its political and economic fetters." As to guarantees of payment, suitable measures would be worked out in agreement with the international loan syndicate and the Reparations Commission.

On the subject of security the German Government followed the indications of Lord Curzon's speech. They expressed their readiness "to conclude any agreement to ensure peace based on reciprocity," either through a Franco-German Arbitration Treaty or in some other way. The note had begun with a reference to the Ruhr and a declaration that "passive resistance will be continued till those territories occupied beyond the Treaty of Versailles have been evacuated and conditions in conformity with the Treaty have been restored in Rhineland." It ended with a statement, which might be taken, but apparently was not intended, to mean that the restoration of the *status quo* must precede any negotiations.

The phraseology of the German note, clumsy and provocative, diverted attention from its contents. A competent draftsman could have said all that was said in the Note and yet have made it difficult for France to reject the offer without discussion. For on their merits, however much the German proposals may be open to criticism in detail, they offer a reasonable basis for negotiation. £1,500 million is considerably less than any of the mini-

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mum amounts yet suggested by the Allied Governments. But it does not differ materially from the estimate recently made by many competent authorities in this country as to Germany's capacity to pay; and in the suggestion for reference to an impartial international commission the German Government offered the only possible safeguard against under-assessment. The real weakness of the financial proposals, in our opinion, lies not in the amount offered, for that is elastic, but in the unwarranted confidence which the German Government appears to feel in the practicability of large international loans in the near future. It is inconceivable that Germany could borrow abroad in the next four years more than a small fraction of £1,000 million, and as there is no other means open to her of making substantial payments at present, a moratorium for some years will have to be a part of any reparation settlement which is to work. Unlike the British scheme of January last, the German proposals contained no inducement to Germany to pay quickly; indeed, in spite of the prominence given in the Note to early payment from the proceeds of foreign loans, money so raised would almost certainly cost more than the 6 per cent. for interest and sinking fund proposed to be paid to the Reparations Commission from 1927 onwards on the outstanding amount of the debt. These criticisms are important, but they do not impugn the sincerity of the German offer, or affect our judgment that it deserved serious discussion.

That, at least, it never received. It was rejected in advance by the French Press, and within twenty-four hours of its receipt by M. Poincaré. The Franco-Belgian reply to the Note was a blank negative. No German proposal would be entertained so long as passive resistance in the Ruhr continued. France and Belgium could not agree to any reduction of their claims, except as a set-off to the cancellation of Inter-Allied debts. They would evacuate the occupied territory only if payments were made. They were forced to see in the German Note nothing more

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than the hardly veiled expression of a systematic revolt against the Treaty of Versailles." It would be difficult to find behind the uncompromising language of this reply any loophole for a settlement. The moment of their reply was chosen to inflict on the directors of the Krupp concern the outrageous sentences of fifteen and twenty years' imprisonment on a charge which was, as far as one can judge by what has appeared in the Press, unsupported by the evidence.

Yet the failure of this first attempt makes it, in our view, more than ever imperative that the British Commonwealth should without delay define its programme for the restoration of peace in Europe, and exert all its influence to that end. France and Germany are powerless of their own initiative to find a way out of their troubles. America is indifferent, and only the British Commonwealth is in a position effectively to mobilise world opinion in favour of peace. The task, no doubt, is extraordinarily difficult, but it has yet to be proved to be impossible.

Any settlement which is to be permanent must fulfil certain conditions. In the first place it must fix the amount and the manner of reparation payments by reference to what Germany can pay and how she can pay. The Treaty of Versailles settled the heads of an invoice and left it to the Reparations Commission to fill in the charges. No one asked whether the debtor was a millionaire or a pauper. It is true that the Treaty prescribed a reduction in the bill if the debtor could not pay; but the actual reductions which have been made hitherto have followed on a bargain between the creditors and not from an impartial estimate of the debtor's capacity. That procedure is incompatible with a final settlement. A point has been reached at which Germany can no longer make serious payments on reparations account until her currency is stabilised and her finances restored. Neither of those conditions can be met until the world's financial authorities know what is Germany's maximum reparation liability and

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are satisfied that it is reasonable and within her power to pay. It follows that the needs of France and Belgium cannot be the determining factor in fixing Germany's debt. The test should be, "Is the amount as much as Germany can reasonably be expected to pay, neither less nor more?" Germany is powerless to solve the immediate financial problems of France: France must solve her own. That is a hard saying, but it is the beginning of reparations.

The second condition of reparations payments is that Germany should be free to work and produce without hindrance or obstruction. The foreign debt is a charge on German industry and a charge which can only be met if that industry is prosperous. Every form of interference—the occupation, visible or invisible, of the Ruhr, the erection of customs barriers, the requirement of import and export licences—by hampering the debtor must in the end curtail the receipts of the creditor. If security for payment is what is wanted, it will never be found in "productive pledges." The Treaty of Versailles provided for the occupation of the left bank of the Rhine for 15 years, or for a longer period if Germany was in default in reparations payments. When once her obligations are fixed on a reasonable basis, it is difficult to imagine what greater inducement there can be to Germany to meet them than the knowledge that fulfilment means the liberation of an important area of Germany with its population of eight millions. The French policy of seeking for a guarantee of payment through measures such as foreign control of German finance or French supervision of the mines and works in the Ruhr rests on the assumption that Germany cannot be trusted to carry out any of her undertakings. If that assumption were correct, the proper inference from it would be that reparations were unobtainable. In the last resort the value of any settlement must be to a great extent dependent on German good will.

Reparations are one element in a European settlement. The other is the protection of France and Germany from

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one another. The problem is two-sided, as Lord Curzon has recognised, and on any other presentation is insoluble. A great deal has been heard in recent months of schemes to ensure the security of France from German aggression by interposing between the two countries some kind of neutral barrier. The notion of a Rhineland republic still lingers in certain circles in France. M. Loucheur is the father of an ingenious scheme for a demilitarised area along the Rhine, still under German sovereignty but controlled by an international gendarmerie predominantly French. Enthusiasts in this country, undeterred by the example of a similar régime in the Saar Valley, where it is now an offence punishable with five years' imprisonment "to cast discredit in public on the Treaty of Versailles," have advocated a buffer state under the governance of the League of Nations. We believe all such proposals will founder on the rock of German national feeling. It is idle to attempt to reduce, by means so artificial, the numerical disparity between the populations of France and Germany. The Treaty of Versailles furnishes many safeguards to France. The relations between states, however, are not to be interpreted only in terms of war and military strength. Peace belongs to another category and by far the best guarantee France can win for the future is to convince her sister democracies that her policy is based on moderation and justice.

If British policy is to be constructive it must be built up from the frank acceptance of these conditions of success. We believe that the moment has come for a declaration by the British Government that in the interests of the whole world a settlement of the problems of reparations and Inter-Allied debts is imperative. To that end the Government should, we think, propose that the question of reparations should be referred to an impartial international Commission, which would determine Germany's capacity to pay and the methods of payment, and would be free to indicate the conditions on which it considered that Germany would be in a position to meet the obligations imposed on her.

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The German Government has expressed its willingness to abide by the decisions of such a Commission, and the British Government would give, and invite the other Allied Powers to give, a similar undertaking. As an alternative to a Commission the Government might propose an immediate conference of the creditor powers with Germany. When by either of these methods the amount and the manner of reparations payments had been determined, it would remain for the Allied Powers to decide amongst themselves in what proportions German payments should be allocated between them and what arrangements should be made in regard to the Inter-Allied debts. It is in the power of the British Commonwealth to facilitate this consequential settlement. The moral authority of Great Britain has undoubtedly been impaired in the eyes of France by insistence on the principle that French and British claims to reparations should rank *pari passu*. THE ROUND TABLE has consistently advocated the most generous treatment of France by Great Britain in any financial settlement. It is a simple matter to defend the opposite view, to argue with point and force that this country cannot afford to carry the burden of its debt to America if it is to cancel the debts of France and Germany to itself. We hold that there is something which Great Britain can still less afford, and that is the continuance of uncertainty and of economic disorganisation in Europe. A settlement which would terminate the present state of affairs would be cheap at almost any financial sacrifice on paper. Moreover, the equivalence of the British claims for war pensions with the French for restoration seems to us to be morally as bad as it is foolish practically.

A British pronouncement such as we have suggested might have results immediately favourable. It is possible, perhaps probable, that it would not. But whatever the prospects, it seems to us right and necessary that a move of this kind should be made by the British Government. Right because the interest of the British Commonwealth in an early settlement is a world interest. Necessary

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because a clear and decisive statement of British policy, however it may be received for the moment, must in the end bring a settlement nearer. The authority of this country has been gravely impaired by the attempt to remain neutral on a moral issue such as the legality of French proceedings in the Ruhr. The British Government has endeavoured in recent months to avoid both approval and disapproval of French action, to remain associated with the organs appointed for the execution of the Treaty without the power to influence their proceedings, to be responsible for their decisions and yet not responsible. It is a false and ignominious position, and one which in our view has encouraged France openly to disregard British interests. If in response to British proposals such as we have advocated, France should persist in her present determination neither to accept the decision of an international Commission on reparations nor to meet the German representatives in conference without a preliminary declaration by Germany of her unconditional surrender, it would in our view be the duty of the British Commonwealth to withdraw from the Rhineland and Reparations Commissions and to make it clear to France that there was an end to the Entente. To that course there could be no alternative except subservience to French aims, aims which are repudiated alike by the reason and conscience of the British people. It rests with France whether the Entente shall perish or again become "a solid and stable factor"—in the words, at the present moment a mockery of the truth, which Lord Curzon has applied to it.

KENYA

I

IT is some years since the Indian problem in Kenya entered upon an acute stage, and it has now reached a crisis. It is said that the white settlers go so far as to contemplate armed resistance to any settlement that materially conflicts with their ideas. Deputations have arrived in London from both the European Colonists and the Indians, a representative of the missionary body has come to watch over the interests of the African native, and a further deputation is here from India to express Indian public opinion. More than this, a delegation has been sent by the European settlers to bring their case before the Dominions; just as the Indian colonists have put their standpoint before the people of India. The whole Empire is, indeed, deeply concerned in the solution of the problem.

For its understanding it is necessary to set out a few facts of the history and geography of Kenya, though they may be already known to the readers of *THE ROUND TABLE*.* Kenya, or, as it used to be called, British East Africa, has an area of some 246,000 square miles, and the Equator passes through the heart of it. The northern part is largely desert and need not concern us; on the south as we go west from the sea, the coast is succeeded by a low-lying belt, which gradually rises until at Nairobi it attains an elevation of 5,500 feet, and portions of the high country rise to 8,000 feet and over. The high country descends gradually to the shores of Lake Victoria Nyanza, which is here the western boundary of the colony. The

* See *THE ROUND TABLE*, No. 46, March, 1922.

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larger part of Kenya consists of a plateau of varying height. In South Africa a great deal of it would be described as "high veld," but in equatorial latitudes to find a temperate climate one must climb higher than is necessary south of the tropic of Capricorn.* The higher region to which the European settlers have for the most part been attracted is known as the Highlands. It covers roughly between forty and fifty thousand square miles, say something over a sixth of the total area of the colony.

According to the census of 1921, the population consists of 9,561 Europeans, 22,822 Indians, and from 2½ to 3 million native Africans. The European total includes officials, missionaries, commercial and professional men, indeed whites of every kind, as well as settlers. Besides the Indians there are some ten thousand other Asiatics, including Arabs. The Indian element consists in the main of three classes, clerks and subordinate officials in the Government and railway administrations or commercial houses, artisans, and shopkeepers or traders. There are also a few better class merchants and professional men. Indian agriculturists are so few that they may be disregarded for the purpose of this article.

The African natives, who are partly pastoralists and partly agriculturists, are not found exclusively in the hotter districts. Some of the tribes, the Kikuyu for instance, live in the cool Highlands. Generally speaking, the natives are still in a primitive condition, and it is not long since wars and raids were of frequent occurrence, though the authority of the white man has now put an end to them. It is, however, generally agreed that they have plenty of intelligence, and are capable of development.

The country is administered by a Governor with the assistance of a Legislative Council of 18 officials, 11 elected Europeans (non-official) and 4 nominated Indians,†

* Sir George Buchanan, in "Wanted a Policy," gives the number of square miles under 4,000 feet in altitude as 196,000.

† The number was changed from two to four in 1921.

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but as the Governor has the power to override the decisions of the Council, its functions may be described as mainly advisory. The Governor himself takes his orders from the Colonial Office, in whose hands the political control really rests. Along the greater part of the coast a ten-mile strip nominally belongs to the Sultan of Zanzibar, but Whitehall also rules it by virtue of our Protectorate.

Turning now to history, it is only necessary to remind the reader that the country, like India, was at first administered by a trading company which surrendered its charter in March, 1895, that it then came under the Foreign Office, by whom it was in turn transferred to the Colonial Office in 1908. Indians had long been familiar with the coast, Mombasa being easily accessible from Bombay, and enterprising traders from Kathiawar and Gujerat, chiefly Mohammedans, established themselves there, though they hardly penetrated into the interior and their influence beyond the coast strip was negligible. In 1896, however, work was begun on the Uganda railway. The cost of importing white labour was prohibitive, and, the African not yet being capable of the work, numbers of labourers were brought across from India. As the railway progressed, artisans, mechanics, clerks and signalmen were also obtained from India, and many of these employees remained in the country. The railway also made the way possible for white colonisation, and here again, the Indian builder and contractor found fresh opportunities, while the Indian trader began to drive a flourishing trade with the simple Africans of the interior.

But what, the English reader may ask, is all the trouble about? There seems to be plenty of room in the colony for everybody. If what we read in the papers is true, less than 11,400 square miles have been alienated.* If the Indians and whites do not like each other, Nature herself

* According to a retired official in the *Manchester Guardian* of April 28 last, the Europeans have a legal title to 11,375 square miles and the Indians to 22 square miles.

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appears to have specially arranged things to prevent a clash, as the altitudes to which white settlement is for climatic reasons restricted must be unsuitable for immigrants from India. The African native, too, seems to benefit in that he gets things he wants from Indian traders. The matter is not quite so simple as the statistics might suggest. The complications will, however, be dealt with in the next two sections, in which the more salient claims are described, and an attempt made to explain the attitude of the contending parties.

II

THERE are four main points involved in the dispute :—

- (a) The reservation of the Highlands for Europeans.
- (b) The restriction of immigration.
- (c) The commercial and residential segregation of Indians in towns.
- (d) The franchise.

But before dealing with these issues, it is necessary to give a short account of the history of the Kenya Indian movement. It may be said to begin with an agitation in 1906. There had long been unrest among the Indians in South Africa, and it was about this time that the political movement in India first became acute. The only event, however, to which we need refer before the war is Lord Elgin's decision in 1908, which restricted grants of land in the Highlands to Europeans.* The real history of the movement begins after the war. The war itself and what followed it naturally gave a great impetus to the Indian Nationalist movement. The doctrines of self-determination and the rights of weak nations were eagerly adopted; we ourselves had taught the Indians democratic principles,

* He decided with regard to the granting of land to Indians that it is not consonant with the views of H.M. Government to impose legal restrictions on any particular section of the community, but, as a matter of administrative convenience, grants should not be made to Indians in the upland areas.

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and the Reform Act of 1919 was framed upon those lines. It was inevitable that the movement in India should find an echo in other parts of the Empire where there were large numbers of Indians.

In March, 1919, an incident should be mentioned which helped to fan the flame of Indian discontent in which wounded self-respect plays a considerable part. Language was used in the report of a local economic commission, which gave offence to the Indian community. The Secretary for the Colonies, Lord Milner, dissociated himself from the sentiments so expressed, but feeling remained strong.

In the same year adult suffrage was granted to the European population. Before that time the Legislative Council had contained no elected members, and the change was bound to react on the Indian movement. The next milestone was Lord Milner's scheme in May, 1920, the first attempt that had been made at a general settlement. His proposals may be summarised as follows :—

- (a) There was to be strict reservation of the Highlands for Europeans.
- (b) The immigration of Indians was to be regulated only by the Protectorate Ordinances* which were of general application; otherwise there was to be no bar.
- (c) The principle of segregation was to be maintained on grounds of sanitation and social convenience. This carried with it the corollary that transfers of land in townships from one community to the other were forbidden.
- (d) Two Indian members were to be elected to the Legislative Council upon a special franchise, and a similar principle was to be followed in municipalities.

To these proposals the Government of India took exception in the following October. As regarded the franchise, they asked for a common electoral roll. They admitted most of the Indians to be unripe for the adult franchise of

* Immigrants have to deposit the following sums: Europeans 750s., Asiatics 200s. The sums were based on what originally was the equivalent of the return passage money to the immigrant's own country.

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the Europeans and that the vote could not be taken away from those who already held it. They proposed, however, a reasonable property basis and an educational test for all British subjects without racial discrimination in cases of future admission to the roll. As regarded the Highlands, they considered that Lord Elgin's ruling of 1908 did not prevent transfers of land to Indians but only original grants. They deprecated compulsory segregation, which was resented not only by East African Indians, but also by educated opinion throughout India, and they considered that sanitation and social convenience could be adequately secured by mutual consent, by strict enforcement of sanitary and building laws, and by a just administration of municipal revenues. The question was referred to the Joint Committee of Parliament on Indian Affairs, which, after taking evidence on both sides, recommended in July, 1921, acceptance of the principles laid down by the Government of India and the despatch of a Royal Commission to Kenya. No such Commission was, however, actually sent. Mr. Winston Churchill had become Secretary for the Colonies in the previous February and Lord Milner's proposals were dropped.

In this same summer the Imperial Conference met in London, and a resolution dealing with the Indian immigrant problem was passed, South Africa dissenting. As this resolution affirms principles to which both the Indians and the White Settlers appeal, we set it out in full.

The Conference, while reaffirming the resolution of the Imperial War Conference of 1918 that each community of the British Commonwealth should enjoy complete control of the composition of its own population by means of restriction of immigration from any of the other communities, recognises that there is an incongruity between the position of India as an equal member of the British Empire and the existence of disabilities upon Indians lawfully domiciled in some other parts of the Empire. The Conference accordingly is of the opinion that in the interests of the solidarity of the British Commonwealth it is desirable that the rights of such Indians to citizenship should be recognised.

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A policy of marking time was now adopted. A local Public Health Ordinance was recommitted from Whitehall with certain segregation clauses cut out and a notice creating a European reservation in Mombasa withdrawn. It was also stated that no reservation would be proclaimed or sales of township plots held in Kenya at which Asiatics are precluded from bidding. In point of fact, such sales are, we understand, at the present moment still suspended. It was further announced by the Governor in October, 1921, that no radical change would be made until the three-year term of the then Legislative Council had normally expired—*i.e.*, in February, 1923, and that he would nominate one Indian member to the Executive Council and four to the Legislative Council instead of the usual two, as an interim measure. These measures were temporary. In India, where feeling was high, the Press was officially informed that they were taken not to prejudice the principle of segregation and to permit of future consideration.

The next thing that calls for reference is a declaration made at an East African banquet in London in January, 1922, by Mr. Winston Churchill. In view of the importance that has been attached to it, we give the relevant passages.

You have (said Mr. Churchill) an Indian question there (in Kenya) which is a burning question. No doubt you know that we have laid down the principle that so far as is practicable colour is not by itself to be a bar. . . . We wish to apply broadly and comprehensively Rhodes's principle of equal rights for all civilised men. That means that natives and Indians alike who reach and conform to well marked European standards shall not be denied the fullest exercise and enjoyment of civic and political rights. The standard to be adopted is obviously a matter in which the European community have a right to be fully consulted. All future immigration of Indians shall be strictly regulated, and the same principle of equal rights and conditions for all civilised men shall rule in respect of immigration laws as in all others. . . . We do not contemplate any settlement or system which will prevent British East Africa, or Kenya, as it is now known, becoming a distinctively British colony,

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looking forward, in full fruition of time, to complete responsible government.

The Indians were bitterly disappointed. In India itself a resolution of protest was passed by the Legislative Assembly on February 9, 1922.

On August 22 of this same year, the League of Nations issued the British mandate for Tanganyika, or German East Africa, as it was formerly called. It has an important bearing on the Kenya problem, for Article 7* obliges the mandatory to secure to all nationals of States which are members of the League the same rights in the territory as are enjoyed by his own nationals, and India is a member of the League.

We will now come to the second comprehensive scheme which has been proposed by Whitehall. It was put forward in September, 1922, by Mr. Churchill; and as it appears to have largely formed the basis for the proposals adopted by the present Government, it needs a special reference. It has never been published, but the following seem to have been its main provisions :—

1. *Franchise*.—Common electoral roll for all British subjects.
2. *Qualifications*.—A basis, whether property or educational, to be laid down which will give approximately 10 per cent. of Indians the vote. All Europeans at present on the register to be retained, but new voters only to be added if they possess the required qualifications.
3. *Legislative Council*.—An official majority to be retained. Two alternative plans are put forward, both giving Europeans a majority.
4. *Executive Council*.—Nomination by the Governor, with at least one Indian member, to continue. In deciding on the fitness of persons for membership no distinction to be made between Europeans and Indians.

* The opening paragraph of Article 7 of the Mandate reads as follows :—
“The Mandatory shall secure to all nationals of States members of the League of Nations the same rights as are enjoyed in the territory by his own nationals in respect of entry into and residence in the territory, the protection afforded to their person and property, the acquisition of property, movable and immovable, and the exercise of their profession or trade, subject only to the requirements of public order and on condition of compliance with the local law.”

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Other provisions laid it down that there was to be no segregation on racial lines, no change in the immigration regulations, and no changes in the existing law and practice in the Highlands.*

At that time, as at present, immigration was practically free and Indians were and still are not allowed to obtain land in the Highlands either by grant or by transfer.

The next important date is January, 1923. The term of the Kenya Legislative Council was to expire in February, and a decision could no longer be postponed.† A Conservative Government had, in November, 1922, succeeded the Coalition in Great Britain, and in January a project which is generally known as the Wood-Winterton scheme was sent out to the Governor. Like Mr. Churchill's project, it has never been published, but it was put before the disputants in Kenya. The main provisions, as reported in the Press, were these :—

- (a) A common electoral roll so adjusted as to include about 10 per cent. of the Indians. •
- (b) An arrangement of constituencies which would give Europeans seven and Indians four members, at the same time maintaining the official majority.
- (c) Some kind of municipal franchise for Indians.
- (d) No embargo on immigration.
- (e) Reservation of the Highlands for Europeans.
- (f) No compulsory segregation, full power being given as a substitute to control building and sanitation.

A storm among the European settlers followed the arrival of these proposals. The Indian attitude seems at first to have been one of watchful acquiescence, but on February 26 the European settlers passed a resolution which, while protesting loyalty to the Throne, hinted at “action prejudicial to His Majesty's peace, and abhorrent and ruinous to themselves.” The Indian attitude now also

* This is an adaptation from a summary in the *Daily News* of May 2, 1923, by that newspaper's diplomatic correspondent, who stated that he wrote with Mr. Churchill's scheme before him.

† The elections for the new Council have now been postponed till February, 1924.

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stiffened. They threw over the 10 per cent. suggestion of the Colonial Office for the franchise, and demanded "equality in every respect." * They also decided to oppose segregation and all immigration restrictions. The Legislative Assembly and the Council of State telegraphed from India almost identical resolutions in support of these demands, together with a protest against the violent attitude of the white settlers. The result was an invitation to all parties to confer at Whitehall, and as this article goes to press conversations are proceeding.

III

WE now come to the contentions of the opposing parties. As far as the Highlands are concerned, the Indian's plea is that Lord Elgin's restriction only affected original grants, and practically all the available land in the Highlands has now been granted. There is nothing in it, he contends, to prevent transfer to Indians, and Lord Elgin expressly disclaimed the idea of imposing restrictions on any particular section of the community. The white settlers reply that, whatever the wording, the intention was clearly to keep the Highlands for Europeans, and the declarations by successive Colonial Secretaries have confirmed this policy.

The franchise is at present confined to the white community which enjoys adult suffrage. The Indian bases his claim to it both on his numbers and on the fact that he pays more in the way of taxes and rates than the white colonist, and he claims municipal rights for the same reasons. But his main plea rests on his citizenship of the Empire, to which we shall return later.

* In the Council of State in India, however, the Right Hon. Mr. Sastri, on March 5 last, is reported to have stated that the Indians in Kenya did not ask for universal suffrage, nor that the Legislative Council of Kenya should be composed of Indians according to their numerical strength. They were content if the number of Indians in the Legislative Council was less than half.

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As regards segregation, the Indian case is that compulsion is galling and unnecessary. If the Indian quarters in the townships are insanitary, the blame, they say, must rest upon the municipal authorities who have neglected them, although the Indian pays in rates more than the white inhabitant. The European replies that he cannot afford to take risks where health* and morals are concerned, and that the manners and customs of the Indians who come to Kenya are not compatible with European standards of sanitation. If white men and Indians live side by side the younger generation would be apt to take in moral ideas foreign to western civilisation, and from the western standpoint undesirable. It is further pointed out that in India the Caste system is itself the most rigid system of segregation that could be imagined.

But no formal statement of claim will by itself enable the reader to understand the attitude of either white settler or Indian. There are wider considerations which have a greater importance, and this is especially so in the case of the immigration controversy.

The Conference is concerned not so much with definite facts as with a conflict of principles. Therein lies the difficulty. Two of the cardinal points of disagreement, race-segregation and the reservation of the Highlands, might easily be settled without injury, or indeed loss of dignity, to either side, for the Indians of the lower class do not want to live amongst Europeans, and to those who have adopted the European mode of life the objections would be less serious. They are, for one thing, few in number. The Indians on their side, as far as agriculture is concerned, might well waive their opposition to the land policy, for very few of them are agriculturists, and even in India, they do not cultivate on a large scale in the higher altitudes.

The main difficulty in arriving at an agreed solution on

* He refers to the report of Professor Simpson in favour of segregation in 1910.

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these points is really psychological. The Indian, both in India and in Kenya, regards all such matters far less from the practical point of view than from that of national self-respect. Suffering, as he does, from a sense of inferiority, a jealous distrust of any solution except complete uniformity is inevitable. Agreement has, moreover, been made a thousand times more difficult by the heat which the controversy has engendered. Violence has bred violence in attitude, and the more determined the one side not to yield, the more insistent the other has become in its demands. These psychological difficulties also affect the franchise and the immigration questions, but here the difficulty is even greater because there arises a real conflict of principle to which we will come in a moment.

The Indian regards Kenya Colony as a test case by which to prove the sincerity of his admission to the rights of Empire citizenship, which were, he points out, admitted by the Imperial Conference in 1921. He does not dispute the right of the self-governing Dominions to determine the composition of their own populations by regulating immigration, but he claims the protection of the Imperial Government in respect of the Crown Colonies, and he fears that if he yields here he will be held to have surrendered his claim everywhere else. The Indian's position within the Empire is in fact peculiar. Alone among its non-white races, he possesses a civilisation which is capable of intelligent enterprise, and yet is not that civilisation which rules the white Dominions. India is no longer content with a subordinate position. Like other nations when they begin to be conscious of nationality, she aspires to enterprise in foreign lands, and not unnaturally she resents any restriction on her freedom of action, unless it is equally applied to other nationalities. And even if it were so applied in the matter of immigration, though her objection on the ground of stigma would be met, with so much of the Empire closed to her, she would still, her representatives make clear, protest against her right of

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entry being limited in a country to which her people were accustomed to go before the era of British rule in India. As to the value of Indian work in East Africa, statements by a number of authorities, including Sir John Kirk, Sir Harry Johnstone and Mr. Winston Churchill, are referred to. Lastly the Indian points to the military service India rendered in the war and before it.

In the case of the white settler, fear is at the root of his attitude, just as it underlies that of France towards Germany. He feels himself to be upon the defensive, and the Indian to be the assailant of his lawful citadel. His position of ascendancy belongs to him, he claims, not only as the dominant race, but as the real pioneer, for the Indian, he adds, never ventured into the interior till the white man made the way safe for him. The leadership, the capital required for the railway works, the responsibility for the administration of the country and the loss in case of a deficit are all British. And his fear is not without grounds. East Africa is never likely to attract more than a relatively small number of European settlers. On the other hand, he sees India with a population of 319,000,000 with a slender margin between its masses and absolute want. Nor is he reassured by the fact that comparatively few Indians have hitherto come to Kenya—in at least one recent year more have left Kenya than entered it—or by the belief of many who know India that a large influx will never take place, the Indian peasant being notoriously unwilling to leave his own home. He knows there is to-day no demand in India for an outlet for agricultural settlement, but his eyes are fixed on the far horizon. And even as regards the immediate future, he is convinced that if the country goes ahead, its prosperity will in any event attract large numbers of Indian immigrants bent on trade. If the Indian is admitted, as has been proposed, to a common electoral register, even on the basis of a franchise restricted to 10 per cent. of the Indian population, and if at the same time unlimited immigration is

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permitted, what, it is asked, is to prevent the Asiatic from eventually dictating the policy of the country through the electorate, if not through the numbers of the Legislative Council? The two points are intimately connected. If to free immigration were coupled the condition that both franchise and representation should remain at levels and be fixed on a basis which would suffice to safeguard Indian interests, but not permit more than a certain degree of elasticity in the event of a great influx, the danger of domination might be avoided. Or again, if the franchise upon a common electoral register were to be restricted practically to those now in the Colony, the objection would be weakened. But whatever safeguards may be devised to meet his anxiety—and statements have appeared in the Press which suggest some willingness on the Indian side to make concessions on this point—the white settler looks upon any kind of common roll as the thin end of the wedge. The policy of Downing Street might some day change. It is, say the European colonists, in effect, the certainty that sooner or later the Indians, who already outnumber the white men in the ratio of about 5 to 2, will be so overwhelmingly disproportionate, that makes us determined to forestall danger while there is still time. It is pointed out that the percentage of Indians who have a vote in their own country is far less than 10 per cent. of the whole, and it is asked how many of the Kenya Indians would be included in the enfranchised percentage if they were at home again. Political unrest is also, the White Settler says, being brought into the country from India, and the African native population may become infected. In any case the Indian is, he adds, a bird of passage who sends his savings out of the country.

But we are only now coming to the real conflict of principle. The native African, whose numbers are in the neighbourhood of 3 millions, was in the earliest stages of the controversy hardly considered at all. But as the question grew in importance it began to be seen that after all he was

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the most important factor in the situation. This is now, we believe, recognised by both Indians and Europeans. We may put aside the accusations that the cause of the African has been selfishly used by each side to gain particular ends. Men of religion such as the Bishop of Uganda and various missionaries have particularly emphasised the need of remembering his side of the case.

The African native issue is, then, at the root of the whole controversy. Had it only been a question between the white and the brown man, a solution by compromise might have been found. But it is not.

The Milner solution of 1920 has gone by the board. The Churchill solution has proved equally unacceptable. The real solution has still to be found, but the atmosphere is clearer, for the dispute has now emerged upon larger ground. It is upon his trusteeship that the white settler now mainly rests his case, the effect that racial contact is likely to have upon the African, the principle of the resolution passed by the Imperial Conference in 1918, which was reaffirmed in 1921; the need, too, of keeping British ideals of civilisation as well as of government pure and undiluted, for the sake of his ward as well as of his own children. On the other hand, what proof is there, he asks, that the Indian has any genius for governing other races? His claim to be the dominant race the white settler has not abandoned,* but it is a dominance that he now recognises to be bound up with the interests of the African millions. Their chiefs entrusted them by treaty, he claims, to British care, and not to a care that might become Indian, or even composite. In the same way, the Indian spokesmen have admitted that all claims must be tested by the effect they are likely to have upon the progress of the African, though they stoutly maintain that their presence is in his interest. They claim, too, that they

* This view has had official support. In March, 1919, the Governor, in reply to an Indian deputation, is reported to have said that the principle had been accepted at home that this country (B.E. Africa) was primarily for European development, and whereas the interests of the Indians would not be lost sight of, in all respects the European must predominate.

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get on well with him not only in East Africa but also in other tropical countries like Uganda, where their relations with the whites are also good. With these considerations we shall, however, deal in the next section.

IV

SUCH are the main features of the Kenya problem. What is to be the solution? Clearly, the first need is to find the principle which is to govern the development of the colony, for every point in the controversy depends upon this. In the franchise dispute it appears to be assumed that self-government is in sight. If it were, it would naturally be a matter of vital importance whether a communal or common voters' roll is to be adopted, for the Legislative Council, which at present can be overruled by the Governor and contains an official majority, would then become a sovereign parliament. The issue would simply be whether Home Rule when it came was to be white or parti-coloured. The ideal of the white settlers, encouraged by Mr. Churchill's pronouncement at the East African dinner, is a self-governing community, white in the sense that South Africa is white, which will be able to deal with the Indian as well as other problems in its own way.

Kenya, however, is not South Africa. South Africa is a Dominion and as such it has a right to settle the composition of its future population. Kenya is a crown colony, and the responsibility still remains in Downing Street. South Africa, if Rhodesia be left out, lies almost entirely outside the tropics. Most of it is eminently suited for Europeans, and it has to-day a white population of over a million and a half. It is hundreds of years since its white colonisation began. Kenya lies right on the equator. Its white Highlands are only a section of the whole country, and it is less than 30 years since European settlement began. It has to-day, including officials, scarcely 10,000 white inhabitants. With the doubts that have been suggested as to whether white

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women and children can live permanently even in the Highlands we do not propose to concern ourselves. The greater the difficulties the more credit to the settlers who have undertaken a great experiment. Any white community that makes good, however, is likely to consist rather of planters or farmers employing black labour to do their manual work and with the means to send their families away for a change than of the sort of population that might develop into a white democracy. But for the Highlands Kenya would differ in no way from any other African colony in the tropics. It would be developed as a black man's country, and in our view, the assumption that a section of it is fit for Europeans does not justify changing its destiny.

But to treat the colony as a thing by itself is out of the question. Nature cares nothing for boundaries. The Highlands may be a sixth of Kenya, but in the vast sea of tropical native Africa which encircles them, they are a mere island. Nothing must be allowed to obscure this vital aspect of the question. Kenya is sometimes compared to Rhodesia, which has just received self-government, although it has a white population of only 33,000. But there is this essential difference. Southern Rhodesia—for only the South has received self-government—adjoins, and even to-day largely shares the life of, a great white Dominion of which she will some day almost certainly form part. Kenya belongs, as already stated, to tropical Africa. The existence of this white island has made complex what would otherwise have been a simple situation—that and the presence of a handful of Indians. Many will regret these complications, and in any case justice is due to every section of the population whatever its origin, but the general principle remains clear. The welfare of the native African, the original inhabitant of the country, must come first.

This, then, is the paramount principle. In its light difficulties do not disappear, but things fall more naturally into their place. On a later page we shall explain how

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tropical Africa as a whole is affected. We will now deal with the local problem.

First, as regards the government of the colony. It is, as the white settler has rightly claimed, a trust. It is, however, *our* trust here in Great Britain. We cannot hand it over to ten thousand white colonists or to twenty-two thousand Indians, or to the two together. We owe it to the African whose primitive state renders it impossible for him adequately to look after his own interests. A vote would be worse than useless to him in his present state. British government was the basis of the treaties with the African chiefs and the Sultan of Zanzibar, and under existing circumstances, it can have no other meaning than Colonial Office rule. In the settlement to-day, whatever form it takes, democracy, white, parti-coloured or black, must be ruled out. The scales can still be held only by Whitehall. Everything else apart, the present struggle shows this to be necessary.

Next, to take the points in dispute between the European settler and the Indian.

First as regards the franchise, with conditions such as exist in Kenya, a nominated Council would, in our opinion, have been preferable. There could then have been no question of unfairness. As, however, a vote has been granted to the Europeans, it is too late to go back, and the situation must be dealt with as it is to-day. For the purposes of an ordinary democratic self-governing community a common roll is, we think, the ideal system. A high degree of solidarity and unity of purpose are essential when the parliament is the real instrument of government. In Kenya, however, self-government is, we think, out of the question, and the real control must remain in Downing Street. With a Legislature limited to what are practically advisory functions, a communal system seems to us best because the attitude of each race would be reflected in an undiluted form, and also because it would fit in better with the political development of the African native. One of

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the objections raised to the Indians' franchise claim is that if it is conceded, a vote will have to be granted prematurely to the African. If that should happen, a communal system would, we feel, involve less risk of harm to him than a common roll. These are considerations which should appeal to the Indian as well as to the European. Whichever system, however, may be preferable, the best hope, under existing circumstances, lies in both the parties coming to an agreement. For even if they agree upon something that is not ideal, it is less likely to produce friction later than a better system imposed from above, and friction is at the moment materially impeding the progress of the African as well as of everyone else in the Colony.

Next, there is the demand for segregation. The arguments of the settler have already been stated. No proposal has more keenly touched that sense of inferiority which underlies the Indian bitterness. In our opinion, commercial segregation is out of the question. For one thing, stores owned by Europeans are frequently staffed with Indians. Social segregation should also, we think, be abandoned, and municipal supervision trusted to forestall the dangers of which the white settler is afraid.

The Highlands we should keep white. In spite of the ambiguity of his words, this was, we believe, Lord Elgin's intention, and it has been so interpreted by successive Secretaries for the Colonies. Settlers have, moreover, taken up land in the Highlands and brought out their families to live there on the strength of it.

We now come to the main issue. Is immigration to be practically free, as it is at present, or restricted? It would be impossible to treat it as a Kenya question pure and simple, even if no far-reaching principles were involved. The boundaries of the colony could not be made effective against entry from the neighbouring territories in view of the character of the country, and free entry anywhere would mean, in practice, free entry everywhere. Restriction in one particular colony would therefore be largely

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a dead letter. Indian nationals cannot, moreover, be denied entrance to Tanganyika unless our own nationals are treated in the same way. But the question of immigration takes us even further afield than tropical Africa. Considerable interest has been already aroused in South Africa, which some time ago stopped Indian immigration into the Union, and according to the Indians, the white settlers are appealing to General Smuts to support their case at the next Imperial Conference. All the other points in the dispute primarily concern the Indians in Kenya, but any check on immigration would directly affect Indians in India itself. For a long time to come irrigation work and industrial expansion should meet the needs of its surplus inhabitants, and there is no question of agricultural colonisation, but as an outlet for immigrants intent on trade great value is placed upon East Africa for reasons that have already been explained.

The argument, however, that impresses us most is not the contention of either the white settler or the Indian, but the mute appeal of the African masses. On their prospects free immigration is, in our opinion, bound to have a prejudicial effect. The Indian has undoubtedly played a valuable part in many ways, in trade, in subordinate administrative work, in the construction of the Uganda railway and in helping to introduce the African native to various kinds of industry. But it is now time that the African learnt to minister to his own needs, and if he finds every avenue within his scope occupied by Indians, and Indians continually arriving to fill fresh vacancies, he will never find the opportunities that he needs or make the necessary effort to fit himself for them. The primitive races of tropical Africa, too, are like children. They cannot absorb conflicting ideas without harm, and the damage is certainly not likely to be less where, as in Kenya, the representatives of such different types of civilisation as British and Indian are in open conflict. Peace is essential for progress of every kind, and especially for that of the African native.

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Yet with free immigration the attitude of the two immigrant races in Kenya is sure to become more extreme than ever as the fears of the European and the aspirations of the Indian grow with the strength of the Indian population. With such conditions the disinterested and consistent policy towards the African native, which is essential for his development, is out of the question. Bids for his favour are as demoralising as undue severity. Nor is it possible for material prosperity to come until the present unrest disappears, for it scares away the capital required for agricultural development. Its ill-effects, too, spread far beyond Kenya.

The rights of those who are already in the country, whether Europeans or Indians, must be scrupulously respected, but as regards the future, the best plan would be to stop all immigration into both Kenya and Tanganyika, whether white or coloured, excepting only what is essential to meet the special needs of the country and to supply the fresh blood that every alien community in a strange land requires. This might be done by regulation or else by admitting, as the Americans do, only a percentage based on the numbers of each of the immigrant races actually in the country. The presence of a European community, given a right attitude, should materially assist native progress,* but in tropical Africa white immigration must necessarily be limited, and in the interests of the African is best kept within bounds. European wants, especially when the competition for farms and labour becomes keen, are apt to conflict with his.

On the Indians' side, some work would no doubt for a time have still to be done by them, but it should be made clear that those who find posts are there to cover a transition period till the African can qualify himself for the work. If the restrictions imposed are applied to both races equally, neither can complain that the principles

* In the *Manchester Guardian* for May 15, 1923, Sir H. Johnston pays a tribute to the good that white men have done in East Africa in the last 40 years.

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which underlie the resolution of the Imperial Conference of 1921 or the conditions of the Mandate for Tanganyika have been violated. Concurrently with the limitation of immigration, a vigorous programme of African native development should be put in hand. And although such development might at first add to the labour difficulties of the white settler, in the end the progress of the African population will benefit both European and Indian colonists.

If our view of its effects is correct, it is, indeed, impossible to allow free immigration to continue. Every nation has a right to control the composition of its own population, and, as far as the British Empire is concerned, this right was reaffirmed in the resolution of the Imperial Conference in 1921. The fact that the African native is unable to protect himself in this respect makes it incumbent upon us as his trustees to do it for him. The scheme we propose might be continued for ten years, at the end of which time a commission should investigate the whole position, including the relations and status of the different races, and make recommendations for the future.

Such is our view of the course that we should adopt in East Africa. The question will no doubt be discussed at the Imperial Conference next October. But it is not confined to the British Empire. In the first place, Tanganyika and Kenya are themselves only part of a larger whole. The native millions of tropical Africa generally are concerned in the solution, and their interests call for a general policy. But, secondly, it is more than an African question. It concerns the whole world. It directly affects the development of one Continent and the aspirations of another. That the interests of the African must come first would to-day be generally admitted, but the Asiatic standpoint cannot simply be brushed aside—India herself has 319,000,000 inhabitants. At the present time the question is not of finding an outlet for her surplus population, but of openings for a limited number of colonists intent on trade. But suppose later an internal pressure

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should compel emigration on a considerable scale, where are her emigrants to go? If it were only a question of room, tropical Africa, with an area several times the size of India and a population about a fifth of hers, would seem the natural place. But it is more than a question of room. Again, granting that the African has to be protected in his present stage of development, will he need protection later? Questions such as these call for consideration and others equally pressing. The effect, for instance, of white colonisation may be thought comparatively unimportant, as suitable country is rare in the tropics, but Kenya shows that complications may arise from small beginnings.

But how is a general policy to be arrived at with tropical Africa under the control of several different Powers? In any case they, too, are trustees and can no more leave the decision of a matter that vitally affects the native inhabitants of their territories to an extraneous body than we can in the case of Tanganyika and Kenya.

There is, however, no such objection to international discussion on the general subject of immigration and its effect upon the native of tropical Africa, and we suggest that the League of Nations should institute such a discussion. It is indeed peculiarly fitted for the task. India, as well as Great Britain, is a member of it. So are all the European Powers with African possessions, and the Covenant imposes special obligations upon every one of them with regard to their native inhabitants. It might even be possible in this way to bring about a general agreement on policy, but even if it were not, such a discussion should place the controversy once and for all on a higher plane and enable us, when at the end of ten years the time comes to take stock of the whole position in East Africa, to bring to the problem the breadth of view and the sympathetic comprehension without which no permanent solution is possible.

PROBLEMS AND POLITICS IN THE UNITED STATES

I.

DURING the worst days of 1921, when the wall was fairly littered with the débris of business houses that had gone to it, the grim survivors used to cheer one another with somebody's joke: "A banker," so it ran, "is a man who sits in a dark room with his feet in a pail of ice-water, saying 'No'!" Not a great deal of responsible European opinion makes its way to us across the Atlantic; but one gathers, perhaps incorrectly, that the debtor peoples of the Old World have some such idea in their minds about their common creditor overseas.

In the early part of this year the *Springfield Republican*, an independent and responsible Massachusetts paper, drew an indictment of the alleged negative foreign policy of the Administration, in nine counts, as follows:

1. Refusal to acknowledge or assume any responsibilities or obligations in connection with the World War, the conclusion of which was shaped by United States armies and United States resources.

2. Refusal to join the League of Nations created by the United States.

3. Refusal to join in any guarantees of France's security against aggression, even for a five-year period.

4. Refusal to appoint an official member of the Reparations Commission, as contemplated by the separate peace Treaty with Germany.

5. Refusal to send an official delegate to any European or other conference, at least six in all, from Brussels to Lausanne.

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6. Refusal to summon an economic conference under American supervision.

7. Refusal to keep an American military force on the Rhine although asked to by France and Germany.

8. Refusal to forgive any of the war debt of the European Allies to the United States, or to discuss forgiveness in connection with German Reparations.

9. Refusal (in advance) to offer the least guarantee that German Reparations, if reduced by France to conform to American ideas, would ever be collected.

One might punctiliously ask for a better phrase here or for a consolidation of counts there. But, by and large, no valid objection to the indictment can be lodged—so far as it goes. The picture is unrelieved: the dark room, the pail of ice-water, and nine times No!

If an apologia were needed, this is not the place for it: on the other hand, it might be illuminating to consider one or two implications of this scathing broadside. It alleges and attacks the practice of isolation; and, by its air of definiteness, assumes to cover the whole field of foreign interests of the United States. Yet at the present moment the Government is represented at Lausanne—in the light trappings of an "unofficial observer" to be sure, but weighted down with the embarrassment of Admiral Chester's railroad concession. Another American delegation is sitting uneasily in Santiago de Chile, trying to compose differences among the States of the Southern continent, and endeavouring to maintain the shaky prestige of the United States against their common resentment.* Moreover, it is officially announced that a commission will leave shortly for Mexico City to harmonise conflicting views between Obregon's Government and Washington. The British debt settlement has not yet taken final form; the Finnish debt is in its last stages of discussion, the Czech authorities

* Probably the success of Luis Angel Firpo, a young Argentine who lately captured a world's boxing championship from its New York holder, has done as much as any other single thing to create a spirit of self-sufficiency in South America.

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are sending a commission to settle their obligations—and the French and Italians aren't !

The Lansing-Ishii agreement, whereby Japan received during the war (or thought she received) American recognition of special Japanese interests in contiguous territory, has just been abrogated, after delicate and protracted negotiations. The breach between Washington and Moscow, which seemed almost imperceptibly to be closing, was sprung wide open again, when Secretary Hughes cancelled his authorisation for a visa for Madame Kalinin :

The presence of Madame Kalinin in this country is rendered wholly undesirable by the deep feeling which has been aroused by the execution of Vicar-General Butchkavitch. The action of the Department is taken especially in protest against this execution.

Having thus disposed of Russian relations for the moment, he is faced with the prospect of passing judgment on the flotation of an Austrian loan in the United States. This is not a résumé of events in American diplomacy since the Armistice : it is the Agenda of the State Department here and now. Perhaps it may serve to disabuse the minds of those who think of Mr. Hughes as splendidly isolated or as shamefully inactive.

In view of these not inconsiderable problems of foreign policy touching American interests in Japan, Mexico, Russia, South America, France, Italy, England, Austria and Asia Minor ; in view of the likelihood that we are not yet done with the Newcastle Consulate, rubber rivalries, Burma oil documents, prohibition enforcement on the high seas, gun angles, nay, even that vermiform appendix of Anglo-American relations, the Balfour Note—in view of these things, it can hardly be asserted in any general or accustomed sense that the United States has “ cut itself off from the rest of the world.” Such a statement must rather imply this : that in other places where help is needed the Harding Administration refuses to lend a hand and that by this refusal, the supposed Samaritan has revealed himself

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as nothing better nor worse than a plain, ordinary Levite.

Now, it would be foolish to assert that the actions of the American Government since November 1920 have been guided to any degree by motives higher than those of self-interest. But it would be equally foolish to claim generous motives for the official performances of any other people. France in the Ruhr is energetically, perhaps disastrously, “ seeking her own.” Germany's conduct has been manipulated to suit her own advantage. Britain's policy in the main has been governed by considerations of employment and of Continental trade : and to gain these objects she has gone her single way. Italy is passing through a bizarre phase of self-discovery and “ self-expression,” while the bumptiousness of the Turk and the defensive insolence of Moscow are scarcely more than variations from the familiar language of exclusive nationalism. The cynic may say, as Canning remarked at a somewhat similar juncture in history : “ Things are getting back to a wholesome state again. Every nation for itself and God for us all. The time for Arcopagus and the like of that is gone by.”

Yet in spite of these signs, there is a strong feeling in certain quarters, at home and abroad, that the United States should join in composing the problems of Europe. The argument is sometimes put on grounds of national honour, sometimes on the basis of self-interest. In the present chaotic state of international society each nation must be the ultimate, if not the best, judge of the moral character of its acts and omissions. Nor can one seriously entertain the belief that European nations are distressed lest the United States lose some material blessing through its policy of isolation. No, the essence of the insistent demand is this : that the United States should depart from current international practice and take a step in disaccord with her tradition, not particularly to her liking, and of uncertain material advantage. This is strange doctrine in the history of nations : surprising enough when advocated

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at home, still more surprising when it originates abroad. It contains the amazing implication that Christianity should be applied to the conduct of Governments. The issue is simple, and Lord Robert Cecil's visit to the United States has tended to make it simpler still. For he has said in substance :

I have come to give you what information I have regarding Europe and the League of Nations. If, then, you still refuse the step, I beg you to suggest some other way. For I have also come to say one other thing : We are struggling for our very existence. You with your resources and your impartiality are the one people equipped to save the existence of others as well as your own. Unless you lend a hand and help us into some open place where we can breathe again, civilisation in Europe will perish. Does this sound strangely straightforward and undiplomatic ? We have tried every other manner of speech : we now bring you the desperate truth. You have heard the request before. "Come over into Macedonia and help us !"

It is well for those abroad to understand the unprecedented character of their plea : and for America to comprehend the issue involved in its past and present refusals.

In the autumn of 1920 the majority of American voters gave evidence of believing that their present and future material interests could best be secured by remaining studiously aloof from the "politics" of Europe : and, in spite of the Administration's sharp reverse in the elections of last November, it is probable that a majority of voters think so still. "Wolf ! Wolf !" was heard during 1921 and 1922 when an increasing number of bankers, business men, industrialists, and farmers began to say that American prosperity could not long withstand a policy of isolation. Yet in face of these predictions of calamity, America has prospered. Real or illusory, temporary or permanent, the improvement in business during the past six months has been widespread and vigorous. Prosperity has seemed to falsify the economic theories of a year ago.

If the wheels of industry had slowed down, if unemploy-

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ment had increased, if rumblings of unrest had been heard across the continent, some gesture of the Administration toward Europe might have been expected as a diversion or as an ameliorating measure. But by the end of February, when President Harding recommended to the Senate that the United States should adhere to the Permanent Court of International Justice, the condition of business no longer demanded this concession. Still less was it demanded on April 24 when the President reaffirmed his position before the members of the Associated Press in New York City. The Administration was sailing in somewhat smoother waters, criticism from the "interests" had largely died down, and to the outside ear it sounded as though comparatively sweet harmony was proceeding from the rifted lute of the Republican party. Why the President should choose to rouse the "sleeping dogs" in his own camp by touching their two taboos—Europe and the fringes of the League ; why, having once done so in February, he should deliberately and emphatically restate his position in April ; and why, above all else, he should make an advance toward Europe which holds no measurable prospect of material good—these are questions worth examining. Perhaps something may be discovered thereby concerning the character of the President, the conflict within his own party, the political scene in the United States, and the conscience of the country.

II.

AT least once a year Senator Medill McCormick goes on a junketing trip through Geneva, inspects his mortal enemy, returns to the United States and announces that the League of Nations is dead. But if the Senator from Illinois is right about the League itself, he would do well to stay in his own country and begin to "lay" its ghost. For it may be confidently asserted that, in spite

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of efforts to fight it, forget it, shelve it and becloud it, the League of Nations provides the most important popular issue, perhaps the only issue of political significance in the United States. Friends of the Covenant, for two years past, have been conducting their own campaign. It has not been spectacular, and its value has been greatly impaired by the uncompromising, almost fanatical, attitude of some of its chief proponents. Nevertheless, the fire has been kept smouldering throughout the country.

Among those whose consciences were most acutely quickened may be numbered the thirty-one signers of the October 1920 manifesto—stout Republicans all—who promised an “Association of Nations” under American auspices if Harding should be elected. The great majority of those men retired to a presumably private life: but in so far as the foreign policy of the United States was concerned, they were not permitted to shake off their fractional parts of a responsibility assumed in the heat of a heated campaign. Even more pointed reminders were directed at Hughes and Hoover—for, as signers of the manifesto now in public office, their share of responsibility was considered greatest of all. The President himself, a man of honour and of high principle, began to lose patience with the “inner group” who had joined in his nomination and had approved the party platform. They had solemnly advocated membership in an International Court: and he, naturally, had reiterated that promise in many campaign speeches. A satisfactory Court existed, adhesion would sacrifice no interest of the United States: it was the part of national honour to join. For many months and with such infinite patience as Harding alone possesses, the point of honour was laboured with the Republican “leaders.” Finally in the face of a threatened disruption of the party, but in pursuance of a vigorous, almost religious, sense of personal obligation, Harding asked the Senate to approve a simple plan for the adhesion of the United States to the permanent Court of International Justice. The Senate

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adjourned without taking action, and the President went south for a holiday.

It is eighteen months until the Presidential election of 1924, and more than a year until the Republican nominating convention which must precede it. Normally speaking, one does not expect serious talk of Presidential possibilities—Democratic or Republican—for a twelvemonth more. It was, therefore, somewhat startling to read in the morning papers of March 18 an unequivocal announcement by Attorney-General Daugherty:—

The President will be a candidate. There will be no candidate for the nomination against him except one, and he is always a candidate. The President will be nominated and re-elected. The country and the party will demand it.

This statement made in Miami, Florida, almost within earshot of Harding by the man who was chiefly responsible for his nomination in 1920, has been taken as conclusive and may be so taken. The President’s “hat is in the ring.”

As Attorney-General of the United States, Mr. Daugherty leaves much to be desired, but he is a master in matters of politics. No Republican, including Robert La Follette, to whom Daugherty doubtless alluded, can now be a candidate except as against the Administration: for it is an almost inviolable political convention that the President may have a second nomination if he desires it. “It is not possible,” said Senator Watson a few weeks ago, “for any party to nominate someone else than the President of the United States, and yet appeal to the people to support the party on the record made by the Administration of which the President is the head.” Failure to renominate him would be regarded as open confession of the party’s failure.

Now this announcement has been widely—and rather naïvely—interpreted as a blow at the rising ambitions of Senator La Follette, Senator Johnson, Senator Borah and other individual Republican aspirants to office. It has

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even more naively been thought to be directed at the formidable heads of Secretary Hughes and Secretary Hoover. But no one of the Senators could hope to gain the nomination without the support of the party leaders—and the two Secretaries, instead of fainting under the supposed attack, are perhaps the two most loyal henchmen of the President in office to-day. If the "Old Guard" of the party had been still steadily behind the President, there would have been no conceivable need of such an announcement: his renomination would follow as a matter of course. But if there are dangerous defections from the "Old Guard" ranks—if they are beginning to talk of some new candidate of their own—if they are working behind his back for the destruction of the man whom they once put into power, then Daugherty's announcement, ridiculously premature and unnecessary in normal circumstances, suddenly becomes shot-full of significance.

There is evidence that a powerful group within the party itself is determined to make an end of President Harding. He showed himself dangerously strong, according to their lights, in the matter of the Washington Conference. He has been unalterably stubborn in sponsoring his Ship Subsidy measure. Finally he took the project for membership in the International Court between his teeth and jumped the fence of their advice. These are disturbing signs in a supposedly manageable Executive. But more particularly they resent the fact that this man of their making, pledged to restore prosperity and order at home, failed to deal energetically, forcefully, with the striking miners and railroad shopmen last summer. Through his alleged weakness they lost their chance; through their imagined strength they now intend that he shall lose his.

The conclusion is irony indeed. The President is unhappy in office. He is by no means the first of a long line to taste its bitter fruits; but perhaps no one of his predecessors has so frankly expressed irritation at the endless routine of it, the endless chain of office seekers,

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and the endless inability to get things done. When he left Washington for his southern holiday, one may safely guess that many subtle reminders of the beauties of his Ohio farm had been brought to his attention. Perhaps he began to understand the solicitude of his "friends," perhaps his fighting blood was roused at the discovery of unsuspected intrigue, perhaps his conscience called for the fulfilment of a few outstanding promises. At all events, it seemed best that Attorney-General Daugherty should dispel unfounded hopes. Thus challenge within his own party was met emphatically and with courage.

There is no intelligent being in the United States—even in the Senate—who seriously believes that membership in the Permanent Court would compromise the country with respect to membership in the League of Nations. The issue within the Republican ranks—at present it is wholly an in-party issue—is whether Harding shall be re-nominated or not; and as weapons in this fight all the well-tried, long-range guns have been reconditioned. Harding's enemies, like Munsey of the *New York Herald*, are consulting the files of 1920, where arguments and invectives against the League have been lying in cold storage.

This wasn't the Harding we have known all along (the *Herald* moans): it wasn't the Harding we voted for for President in 1920: it wasn't the Harding who fought the League of Nations in the Senate in that great struggle for America's freedom. What does it mean? Search us, for be it remembered that this same Court of International Justice is nothing other than the creature of the League of Nations.

The League has once more become a super-Government: Britain's six votes in the Assembly are swelling to seven through the application of the Free State; American sovereignty is in danger of hell-fire. So wags the battle—nominally over the Court, in reality a fight for the control of the Republican party.

The Administration has accepted the challenge. Within the last three weeks Hoover has addressed the League of

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Women Voters at Des Moines, Iowa, and Hughes has clarified the legal aspect of the Court issue before the members of the American Law Association. The President himself has never spoken more incisively than on April 24, before the Associated Press :

He re-affirmed his recommendation to the Senate as a step required by party tradition and specific pledges :—

If political parties do not mean what they say, and if political candidates do not mean what they say, then our form of government, our form of popular government, is based on fraud and cannot hope long to endure.

He recommended the International Court itself :

It is in large measure the fulfilment of an aspiration we have long boasted for the United States of America.

He made it clear not only that the Court was distinct from the League, but that under his leadership the United States would not become a member.

It is not for us. The Senate has so declared, the Executive has so declared, the people themselves have so declared. Nothing could be stamped more decisively with finality.

On both counts, he added, the Administration's attitude is unequivocal :

Excessive friends of the League have beclouded the situation by their unwarranted assumption that it is a move toward League membership. Let them disabuse their minds, because there is no such among us who must make our commitments abroad. And the situation is likewise beclouded by those who shudder excessively when the League is mentioned and who assume entanglement is unavoidable. Any entanglement would first require the assent of the Senate, and if by any chance the Senate approved of any entanglement, the present Administration would not complete the ratification. If, in spite of these statements, uttered with full deliberation, there are excessive and unfounded hopes on the one hand, or utterly unjustifiable apprehensions on the other, I know of no words fittingly to apply.

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He then turned to attack the malcontents within his own ranks :

We have come to the time when a party platform is regarded by too many men in public life as even less important than a scrap of paper, and groups or blocks are turned to serve group interests, and many individuals serve their own, while contempt for party conference or caucus has sent party loyalty pretty much into the discard.

Finally, after referring to himself as the "banner-bearer" of the party (a rather remarkable example of self-assertion for Mr. Harding), he concluded with a plea for party unity :

I like a party which is commissioned to govern, to strive in good conscience and all loyalty to keep the pledges which brought it popular approval.

Those who now refuse to follow the resurgent "banner-bearer" of the party must repudiate him as their candidate for nomination, and thereby repudiate the record of their own party under his leadership ; they must set their faces against the only friendly advance towards Europe which has taken place during the past two years, and they must appear as faithless to the tradition and pledges of their party. Borah will continue in his individualistic career. Hiram Johnson will doubtless return from Europe with fresh arguments for isolation ; La Follette will remain the apostle and candidate of agricultural radicalism. These are the old familiar and eccentric faces. But it is probable that the set of newest rebels—"Regular" Republicans—will fall back into line under the President's whip hand ; and if agreement can be reached in the feverish party conferences which are taking place in Washington, Harding's threatened tour of the country in support of the International Court will be scarcely more than perfunctory. So, please heaven, we shall be spared a summer's ranting, cant and back-fire anent the League of Nations. For its

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tireless enemies and its doting friends would put it into controversy, even in connection with the International Court. Whereas the issue is not the League at all, nor the Court in reality, except in so far as it is the outward evidence of trouble within the Republican party. And there, as Humpty Dumpty observed, "the question is, which is to be master—that's all."

III

THESE are some of the difficulties which obscure any attempt to measure the trend of public opinion in the United States. They have been recited at some length in order to give reality to a phrase which is often used to dismiss matters American from national consideration: "They are all tied up in politics." So they are, though their involutions may be seen if one cares to read carefully; and so they will remain, rather academic in their interest to the rest of the world, until the present régime of parties without an essential difference is broken down.

Meanwhile, however, certain generalisations of a tentative character may be offered with respect to America's frame of mind toward Europe and the League. Lord Robert Cecil's visit stirred up very little hostility even in expected quarters, and it confirmed at least one convert to the principles of the League—Senator Pepper of Pennsylvania, who had hitherto numbered himself among the irreconcilables. Lord Robert probably won no new supporters through his public meetings—support is hardly won that way. But he strengthened the hands of the friends of the League most mightily, made the issue a matter which gentlemen might again discuss without sheepishness, and cleared away a number of misapprehensions which had gained a fictitious standing through the oratory of demagogues. His visit might have been such a colossal failure that its modest success must be marked up as a personal triumph.

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During the past two years people have become more temperate toward the League and better informed on questions of foreign policy. The amount of foreign news, especially in the Eastern papers, is a source of continual surprise to those who remember the provincialism of the Press in pre-war days. But if these be too encouraging indications to those who hope for a greater measure of American co-operation abroad, let them also remember that the old antagonisms toward Europe and the old confusions of thought have not died out. They only await the breath of a fresh political campaign. Moreover, a sudden idealistic programme for the "outlawry of war" has captured the support of such diverse persons as Senator Borah with his large following, John Dewey with his wholly philosophical mind, and Raymond Robins with his power of nineteenth century oratory. No existing international court is good enough for them: a new one must be set up, international law must be codified and the new written instrument must stigmatise war as a crime (not as a practice universally permitted under certain rules of conduct). Each nation must undertake to punish its war-makers and its profiteers as enemies of civilisation. On matters of detail its many advocates are vague and somewhat in disagreement, but the phrase itself is winning adherents every day. Praiseworthy as the conception may be, it is likely to prove a red herring across the trail of the International Court. Intrigued with the thought of a world rising to its full moral stature, people are prone to forget the convenient and practical steps by which its present humble stature has been attained. The seductions of a programme of perfection are great, especially if the difficulties of realising it are overlooked—so great, indeed, that those who believe in the Court and those who believe in the League may well regard the movement to "outlaw war" as a dangerous obstacle in the path of their desires.

Paradoxical as it may seem, nothing would so successfully clear the air for a reasonable discussion of the advantages

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and disadvantages of further co-operation with Europe as a rousing campaign on a well-defined domestic issue. The garden variety of citizen might thereby be encouraged to believe once more in the power of his vote in government. (1) Industrial prosperity has caused a shortage of labour, if not throughout the country at least in influential enterprises. Should the immigration law, framed as a more or less permanent policy, be now scrapped to meet what may prove to be only a temporary emergency? (2) The "tariff of abominations," as it has been described by Democratic organs, has not restricted imports. As a matter of fact they have shown a substantial increase. In view of this record, could a successful campaign be waged on this issue by the Democratic party? (3) The Supreme Court in a recent decision has held that a certain statute of Congress is unconstitutional, in that it purported to regulate hours of labour within the District of Columbia. The decision was reached by a narrow majority. Thus an Act of Congress, though passed by a sweeping majority, may be struck off the books by the decision of one man sitting on the Supreme Bench. Here is a startling fact which goes to the very roots of government. Should it be made a political issue? (4) "The enforcement of law and the maintenance of order" provided a valuable political slogan for the Republican party in 1920: but over-employment of it doubtless played a rôle in the revival of the Ku Klux Klan. Does either party dare launch an open attack against this powerful society? (5) Lastly, there is the perennial problem of prohibition. Should existing legislation be overturned as a capricious measure introduced by an organised minority? Should the shortcomings of prohibition enforcement be compiled into a confession of failure? Or should it be hotly prosecuted for its own sake and for the sake of the dignity of the law?

Here are five among many important internal problems. Potentially they are political issues; but the experience of recent years has led one to despair of a clean-cut fight on

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any of them. They will be evaded in party platforms. Each question, however approached, carries with it the seeds of disruption; for these are real matters of substance and of strategy, dividing the members of a single party. On the other hand, it cannot be too often repeated that nothing but tradition, abstract loyalties and the name distinguishes a Democrat, as such, from a Republican—except the League of Nations.

Therefore, in lack of a domestic issue, and in spite of President Harding's recent avowal that the foreign policy of this Government is second in importance to its domestic programme, the League is and will be the field of contest. It is a dreary and rather humiliating prospect, one that looks back into the land of prickly prejudices and barren phrases. It invokes memories of an earlier campaign, unparalleled for its shabby vindictiveness and flimsy thinking. The one hope for a consideration of the issue on its merits lies in the growing enlightenment of the country, and in its growing sense of the unity of civilisation. There is a realisation that international ends cannot be compassed except through human institutions of an international character. There is a sincere desire for peace—a solemn persuasion that cannot be understood without first understanding the United States. From these simple premises springs the possibility of further co-operation abroad. Times, seasons and all else are on the knees of the gods.

The United States of America. April 30, 1923.

IS BRITISH AGRICULTURE WORTH WHILE ?

The following article is by an observer who has made a life-long study of British agriculture, and it gives his views as to some possible remedies for its present condition.—EDITOR.

FEW of us are familiar with agriculture in any other state than that of depression, and most townspeople are inclined to be impatient with the cry of "Wolf!" that they have been hearing all their lives. But since the close of the war agriculture has experienced a Royal Commission and Agriculture Act, and a second Act for its repeal, and now the secular problem has been turned over to a committee of economists chosen because they had no previous connection with agriculture. There is also another committee sitting on prices.

The plain man asks first of all, "Is there a depression?" Certainly there has been a break in prices. Wheat, which had for long been over 70s., has fallen to 40s. or thereabouts. Malting barley has been almost unsaleable. Potatoes have dropped from £8 or so to less than £3 a ton. The farmer has had to write down the capital value of such stock as horses and milch cows by one-half. On the other hand, wages, which form the bulk of the expenditure on a farm and rose during the war from 17s. to 42s., are still at 25s. or over. There have been two bad seasons in succession. After the boom the shake-out has come,

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and farming, which as a business is carried on by small capitalists without reserves, is hard put to it to carry on.

But when we say that agriculture is depressed, what do we mean by "agriculture"? Who is threatened—the land owners, the farmers, the labourers, or the State, because their interests are not identical? The land-owners are accepting with resignation the fact that land has become a valueless investment. Many of them sold during the war and trebled their net income. Now it is almost impossible to sell and the land possesses little more than its amenity value, with the chance that sooner or later a monopoly value may assert itself, whenever a public body or a rich corporation may be forced to buy.

Of the farmers we have spoken. They are not making the incomes they expect, still less those to which the war had accustomed them. They can put down their land to grass, reduce their expenditure, and still make a living. They, in fact, are the arbiters of the situation because they have two margins to draw upon—rent and their expenditure upon labour. At present they are hesitating, but drifting in the direction of grass farming on a lower wage bill.

While the farmer can thus look out for himself, his men have no such alternative. The sunshine of high wages has been of brief duration, and though the rates are still substantially above the pre-war figures, the cost of living in the country is disproportionately higher, with the result that the labourer is even poorer than he was. He is back in his old position of being the worst-paid employee in the country, and the drift of events is tending to add unemployment to his difficulties. The agricultural labourer has no doubt about the existence of the depression.

What about the public interest? The State naturally wants a maximum of production from the land. The land should be a productive asset. Yet we see the majority of British land in grass, and a great deal of that grass indifferently farmed. We see absolutely waste land every-

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where—sometimes in wide areas, sometimes in little patches mixed up with the farm land. In spite of unemployment, nobody is reclaiming land. No squire is stubbing his “Thornaby waste.” Nobody is spending money on permanent improvements. Land instead is going out of cultivation. The number of men employed upon the land is shrinking, the production of food from the land, both absolutely and relatively to the vast consumption of our population, is diminishing. During the war Sir Thomas Middleton contrasted our use of land with that made by Germany. From a unit area of land our farmers produce half as much food and give employment to one-quarter as many men. As a craft agriculture is not progressing. All old farmers will agree that there has been little improvement in technique, in some respects indeed a decline, since 1870. The one substantial cheapening of production has been the introduction of the self-binder. Tractors have not made good as yet. Looked at more closely, one can point to progress in many directions, in milk production, in fruit and vegetable growing, and our best farmers are still among the most expert practitioners in the world. The notable fact is that the competition which makes the farmer’s lot a difficult one does not come from Germany or the more intensively farmed countries, but from the States, Canada, the Argentine and Australia, the newer countries where the standard of farming is much lower than our own. The competing countries are those of cheap production from a large area of land where a small yield per acre is made up by a large yield per man employed.

The dominant factor for the last half century has been the cheapness of agricultural produce, and the present depression is due to a return to this low range of prices after their brief enhancement during the war. Cheapness comes from extensive, not intensive, farming. The average level of productivity attained in any country represents an equilibrium between the prices obtained for the produce

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and the costs incurred, these costs mostly being labour. Other things being equal, low prices will be followed by a low level of production, because the law of diminishing returns comes into play and the costs increase out of proportion to the receipts if an attempt is made to force high yields. With low prices the land must be left to do most of the work. Similarly, other things each equal, high rates of wages will be accompanied by a low standard of production. The land, again, must be left to do most of the work and the men’s labour must be spread over as wide an area as possible. Here, then, is the difficulty inherent in dealing with agriculture in this country from the point of view of public interest. We have a strictly limited area of land. The national interest demands a high production per acre from it. At the same time it is necessary to pay a high wage rate. It is impossible to reconcile a high density of employment at good wages with low prices for the produce. The point is soon reached beyond which skill cannot intensify the production sufficiently to make up for the increase in cost.

It is necessary to examine more closely the items of this general statement. Dealing first of all with prices, what hope is there of increasing prices? In the first place we have to recognise that the British farmer is subject to a quite abnormal pressure of competition. Great Britain is the one and only open market for food in the world. Every surplus of food production is directed here. Every other country which depends upon an export of food has to organise its trade towards this country. It is true that certain small countries like Holland and Denmark are also free trade countries, but as they are food exporters the stream is not directed towards them. It is not only that food exporting countries do naturally look to Britain for their market, but if they have a surplus they cannot get rid of it anywhere else, whatever the price. So definite and special is our position in this respect that certain countries are now giving their producers a bonus in order

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to help them to get a footing in the one market. Australia and South Africa give a bounty on meat exported to Great Britain. New Zealand is guaranteeing its fruit-growers against losses in exploiting the English market. As regards many of the staple articles of agricultural produce, the English farmer has to meet not only the competition of the whole world, but has to bear the brunt of all the dumping that must happen whenever there is a surplus in any place. For some commodities, as milk and potatoes, Great Britain is practically self-supporting and there is little importation; none the less when agriculture is organised to meet a stated normal demand there are inevitable surpluses according to the season, and the British farmer suffers because the tariff walls round other countries give him no relief on such occasions. There have been seasons of late years when Great Britain has had a surplus crop of potatoes which could profitably have been disposed of on the Continent, in the United States or in Canada, but no such trade has ever been allowed to grow up. If the tariff at the time proved not to be high enough to keep them out some restriction based on the possibility of the introduction of disease was forthwith discovered and importation was stopped. We must import food; we need more than twice as much food as we produce, and the national policy is to let that food come in without restriction; but let us realise what a handicap the nation is imposing upon production at home when all the competition of all the other competitors in the world is concentrated on this one market and the British farmer is allowed no outlet for his over-production.

Accepting this competition as a fact, is there any other way of increasing prices? The favourite panacea is co-operation, illustrated by examples drawn from Denmark. Is it, however, perceived to what extent co-operation is really a product of the necessity of finding a foreign market? The producer of butter or fruit in Denmark or Canada or New Zealand must co-operate, must grade and bulk in

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order to turn out a uniform product in large quantities or he could not obtain access to the English market at all. The British farmer has his market at his door, and has but little to gain in cash by uniting with his neighbour. Indeed, he may lose thereby. Similarly, peasant farmers must co-operate and sell in bulk to obtain access to modern markets, but the British farmer is a reasonably sized economic unit for sale purposes. Without doubt increased co-operation is a necessity to the British farmer, but it can never produce any revolutionary increase in returns. The existence of the British open market for food is the cause of co-operation in other countries, but it does not necessitate co-operation here.

As far as prices go we have to recognise that the agricultural producer the world over is suffering. The agricultural depression is not confined to this country, but is just as marked in Canada and the United States, the Argentine and Australia. Farming is subject, in fact, to temporary over-production. It cannot regulate its output like an industry can and slacken off to meet a fall in prices. Moreover, its products are perishable and can only to a limited extent be held off the market. These fluctuations in returns are a condition of business in agriculture. The peculiar difficulty of the British farmer is the intensification of the fluctuations here because it is the one open market of the world. All the same, it does not seem probable that prices are going to remain permanently at their present low level. Before the war there was evidence that the consumption of food in the world had grown up to the sources of supply. The war has permanently lessened the producing power of the world as a whole, and the surpluses of the last two years only represent the results of bumper crops in the Americas and the systematic underfeeding or semi-starvation of large areas in Europe. Men are drifting out of unremunerative agriculture all over the world, and eventually the reduced production resulting must be reflected in scarcity and enhanced prices.

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If prices cannot be raised to meet the needs of more intensive farming, is there any method of reducing costs other than by lowering wages, which even if possible is undesirable if we are looking at agriculture from a national point of view? The British labourer neither works so long nor for so low a wage as his opposite number on the Continent. That has to be taken as a fact. There is no "ought" about it. Should farm wages go any lower the younger men will either get employment in the industries, if English industries flourish once more, or they will emigrate.

Why are farm costs so high? One cause is manifest—the pressure of the urban standard of life in which the British farmer is enveloped. Just as the industrial standard of wages affects the wage rate of the farm labourers, so calls made upon the agricultural industry for roads, education, sanitation, and so forth, are immeasurably higher than the corresponding charges that fall upon his competitors from more primitive countries. Compare the organisation of an English countryside with that of a farming community in the Middle West. It is not only a question of rates, it is inspection and regulation which have to be doubly paid for both in increased working costs and in charges for the inspectorate. Agriculture is promised some remission of rates, but there remains the atmosphere of expensiveness which cannot be assessed. In any case, the old economists tell us the rates affect the landlord rather than the farmer. They are charged upon the farmer and though for a time, at any rate, increases come out of his pocket, in the end higher rates mean a smaller rent for the owner of the land.

Some of the older school of politicians looked upon rent as the factor which kept farming depressed. The landlord was represented as exacting an impossible toll from his tenants in virtue of his monopoly. This view can certainly not be held nowadays for English land, the average rent of which would not provide a market rate of interest on the capital that has been sunk on buildings and equipment

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without counting the value of the land at all. Suppose one had as a gift 500 acres of bare English land to-day and had to make a farm of it by erecting buildings, fences, roads, etc.; the rent that would be obtained would not pay the market rate of interest on the capital expended. Only in the rarest cases do the existing powers of the landlord hamper the tenant-farmer in the prosecution of his business. At present the advantages in the bargain of renting are all on the side of the tenant. Nor does the farming of occupier-owners show any such superiority over that of tenant-occupiers as to justify, in the general interest of agriculture, any attempt to revolutionise the current renting system.

Can science show the way towards lower costs of production? After its long neglect the country has begun to show some appreciation of research, we hear of new wheats, new methods of feeding, artificial farmyard manure. Is not knowledge of these results going to improve the position of the farmer? Slowly and surely it will; every movement in that direction represents absolute and permanent gain, but progress must be slow because it is conditioned by the organisation of the industry and the degree of education of the men controlling it. Yet the improvements due to science and superior technical skill are severely limited, agriculture cannot be revolutionised like cotton spinning or steel making, soil and season are dominating factors, and all the science available to-day would scarcely be able to knock ten per cent. off the cost of production of our best farmers.

If, then, the landowner is not getting an undue share out of the proceeds of the land and the average farmer does not find the business of agriculture a paying one, is not some change of system possible, which by redistributing the proceeds will rehabilitate the industry? One solution which is widely commended is to redistribute the land in small holdings and to create a race of peasant proprietors, instead of tenant farmers. This would be a return to the

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system of agriculture which prevails the world over, but from which British farming successfully escaped a century or more ago, because of the demand for food created by the growing industrial population. British tenant farming has its difficulties, but it is a more effective agency of production than peasant proprietorship. Small holders cannot take advantage of modern improvements in machinery, in materials or organisation. Their skill is, on the average, below that of larger farmers engaged in the same type of business. The division of a given area of land into small holdings often results in higher production because the small farmer must cultivate intensively or perish, but viewed in the large, a system of peasant proprietorship results in a lower gross productivity and an inferior utilisation of the land. Even in England the farms under 50 acres show a higher percentage to grass than the larger farms. Small holdings are necessary because they minister to the fierce desire for independence possessed by some men, but they survive in virtue of the fact that the small holder will, indeed must, work twelve hours a day, when the labourer only works eight. In a sense a small holding community is the more stable, because in times of depression the small holder pulls in his belt a little tighter and works even longer hours. None the less, in a country like England, where there have always been other outlets for men, every depression has seen the merger of many small holdings into larger units. To base our farming on one-man holdings, on peasant proprietors on whatever area, would represent a counsel of despair.

It is interesting to note that Labour opinion regarding agriculture is cold towards small holdings and the unremitting task they involve. Labour criticises the present organisation from the point of view that the essentially British method of handling the land in large farms has not been carried far enough. There are too many farmers, and they are asking too much for their service as managers and capitalists. In England and Wales there is on the

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average one farmer to four labourers. Making all allowance for single-man holdings, the average English farmer is trying to live off the labour of six or seven men, and when he says farming is not paying he is asking too much and is living beyond his proper income. The economic unit of farming to-day is rather two thousand than two hundred acres. The management of such an area is well within the capacity of one man, and only upon farms of that size can the advantages of machinery and the organisation of labour be realised. This is the substance of Labour criticism—that if agriculture were not carrying so great a top hamper of small and inefficient farmers it could produce more cheaply and pay its men properly. Bigger businesses would have more command of capital and better reserves, and could meet periods of depression without having to raid the wage rate. Again, it is urged that a more developed industry would provide means of rising for men with brains but no capital. In British agriculture there are no intermediaries between masters and men, and the master class can only be entered by those who possess capital. Farming is generally an inherited business, but the captains of industry mostly rise from the ranks.

If, however, we accept this indictment of the organisation of agriculture a remedy for it is not easy to find. Change will only be effected under economic pressure; the landlords might bring it about if they began to treat their estates as businesses, but as a class they are too much inclined to distrust any future for agriculture and only repeat the farmer's cry of depression.

But even when we have cleared the question of some of the misconceptions, is there any remedy to propose? Can the State render any effective help to agriculture? The pundits of the old *laissez-faire* system would seem to have all the cards in their hand. Subsidies have one prime defect: they shine alike upon the just and the unjust, they cannot be confined to the land or the farmer needing help. They bulk large in the nation's accounts and form a ready

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subject of attack every time estimates are presented. Protective duties raise the cost of food ; they are only possible in a country where there is a general agreement among both parties and people that " protection " is *per se* a desirable policy. Dare any one party here embrace protection and risk presenting their rivals with so good an election cry as " Hands off the food of the people " ? Are our people sufficiently concerned with the consequences to consent to tax themselves ? The consequences are obvious enough after the last fifty years' experience—a gradual shrinking of cultivation to the picked land, a decline in the standard of farming and in the gross production from the land. The wide grazings will grow with their sparse herdsmen and shepherds, on their margins will spring up small peasant holdings on which men will pay in labour for their love of the land and of independence. Except for a few bulky perishables and articles of luxury, Great Britain will grow less and less of its food—until it becomes a parasite State nourished upon cold stored, tinned and dried materials from overseas.

We may modify the *laissez-faire*. We can adopt partial measures which will take off the pressure of unfair competition, dumping and subsidies, mitigate the burden of rates and charges, cheapen capital for the farmer, promote education and research. But unless the general economic conditions of the industry alter, such measures can only defer the collapse or slow down its progress.

Sooner or later a world change of prices may be expected. The food production of the world is little more than sufficient to meet the demand : it would prove insufficient were not a large proportion of the population unable to exert an effective demand. The time of scarcity may be delayed because the teeming populations of the East and the tropics can be much more fully organised to produce food ; none the less it is on the way. The danger is that our habit of farming and our rural population may be destroyed before the turn of prices asserts itself. Agricul-

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ture is not necessarily an uneconomic business in Great Britain, but to lift it out of the present depression and enable it to adjust itself to the demand for increased rather than lessened production some stimulus is needed that will restore confidence. Remedial measures will not bring into the industry that sweeping current of fresh capital, new brains, modern methods and organisation that it needs. Big business in farming as in other industries seems to be the only means of obtaining wholesale employment at remunerative wages, full utilisation of the land, and cheap production. But capital has to be induced to come in ; agriculture under present conditions is too much at the mercy of external factors to be attractive to big business—the State must offer it security. Twenty years of security are needed in which the industry, sheltered from the wild fluctuations now prevailing, can reorganise itself along modern lines, twenty years of assistance coupled with that amount of control which will eliminate the unprogressive farmer. Such assistance is, however, out of the question unless the great parties of the State come to a definite agreement that the measures taken shall be removed from the sphere of party warfare, that a national experiment in reconstruction is to be tried which cannot succeed if any element of doubt attaches to its prosecution.

The assistance may take the form of bounties or protection ; the nation now possesses a dilapidated estate and cannot get it in order without some initial outlay. As the outlay would be wasted unless it operates over a term of years there must be the preliminary party agreement. The State can obtain a balance between the rural and the urban population, between production and importation, and whatever measure of agricultural prosperity it desires, if it is willing to pay for it.

IRELAND AS IT IS

The following article is from the Irish pen which contributed the account of the situation in Ireland which appeared in our March number.—EDITOR.

TO be able to say "I told you so" has never been any satisfaction to me. I understand that many people get great pleasure from successful prophecies, particularly of evil. To me, except on the rare occasions when I have given the winner of a race to my friends, that joy has been denied. It is therefore with unmixed regret that I say that what I foretold in my last article has, in the main, come true, and the disturbance in Ireland is still dragging its slow length along. Nothing definite has happened since, nor have I changed the opinions there expressed as to the cause of the unrest or the methods of improvement.

The Government is not to blame. I reiterate what I said before about them. They have courage, moral and physical, and I now add two more attributes, endurance and the capacity for work. They have gone forward. While adhering with the utmost strictness to the letter and spirit of the Treaty, they have dealt and are dealing with the Irregular campaign in the most courageous spirit. They have to a great extent reorganised the Army, a matter of no small difficulty. It is still far from being as efficient as one could desire, but it is immensely improved from what it was three months ago. Better officered and better disciplined, it is at last becoming an effective weapon in the hands of a civil administration. Very few in this

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country, and certainly no one out of it, can realise just how difficult it was to forge such a weapon. The qualities which brought the Sinn Fein guerilla to a position of leadership in the war against the British were not the qualities which were desirable in an officer of a regular army. Yet it is hard when the State for which he has fought has come into being to refuse to the fighter the reward for his fight. If success in the State is to be achieved, however, this must afterwards be done. Efficiency is the only test which can be applied to candidates for office, civil or military. Past service or past sufferings cannot be permitted to cumber a Government with inefficient servants. In Ireland sentiment is always a danger, and often a curse. The Government have I believe, now realised this fact, and are bravely tackling the problem of how, without alienating their supporters, they may get the best men. The effect of the change on the Army is obvious. More has been done in the past three weeks to smash the Irregulars than was done in the previous three months. In those parts of the country where the Army has learned the essentials of discipline, the Irregulars have been scattered and are hopelessly beaten. Only where the old haphazard organisation remains does the Irregular flourish. A story which is going the rounds will, although probably quite untrue, illustrate the difference between the old and the new. An officer from headquarters was on a visit of inspection to a West of Ireland barracks, and saw one of the local captains passing the sentry at the barrack gate. The sentry did not salute. The inspecting officer walked up to him and said: "Do you not salute your officers in this battalion?" "Ah! shure him and me hasn't been speaking this two weeks past," was the reply. It was that spirit of equality between all ranks which was making the Army useless. As I have said, in many parts of the country the Irregulars, as a fighting force, have ceased to exist, as an engine of destruction they have been crippled. The more their fighting

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organisation is destroyed, their power to murder, burn and pillage is to some, but not to the same, degree lessened. This is evidenced everywhere. Railway outrages have decreased. They have not disappeared, even in counties where no fighting force remains. Arson and armed robbery are less frequent, but not the less fiendish. Sometimes two or three days pass without a murder being reported in the Press. It is terrible to have to say that, and then say that conditions are better, but they undoubtedly are. The Irregular is more and more on the run; the Army, as it improves in technique and morale, will cause him to run faster; and even the gloomiest pessimist will now admit that some time or other civilisation may return.

One naturally asks why, if there is an efficient Government and a fairly efficient Army, the rebellion has not been scotched long since. I am still convinced that the chief reason is because the ordinary citizen has not yet got even the remotest idea of civic responsibility, or, indeed, of common honesty. There is no sign of improvement in this respect; and I am driven to the conclusion that, despite the appalling lessons of the last five years, the last thing which the average Irishman wants is a Government which will govern. At least, that is the last thing he says he wants. Every county, rural, and urban council in the country is perpetually plastering the Government with resolutions *against* every act by which the Government attempt to restore order. A double-dyed murderer is executed—a resolution of protest. A woman is arrested with loaded revolvers, intended for murder, concealed in her clothes. She is imprisoned, and goes on hunger-strike—a resolution of protest, and a public meeting is convened to demand her immediate release. Two armed Irregulars raid a house and threaten to murder the occupants. The owner shoots one of them down—the coroner's jury bring in a verdict of manslaughter against the defender of his home. The Government suggests that income-tax might be paid—a howl of protests against this tyranny. An attempt

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is made to enforce debts for shop goods—the process server is robbed and beaten, while as for landlords' rents—even to whisper such a word as "pay" is infamy.

That is the outward and public attitude of the ordinary citizen here to-day; and yet the very man who votes for these resolutions of protest, and who most loudly condemns the Government for their brutality, will be the first to tell you in confidence that he wishes settled conditions were restored, that the Irregular campaign is madness, and its authors worthy of any punishment. That is why I coupled the word, honesty, with civic responsibility.

Dishonesty is rampant in Ireland to-day. Dishonesty of thought, of speech, of purpose, of action. Not one man in ten thinks out a conclusion clearly and reasonably. This is not peculiar to any class, creed, or political party. The Irregular and the die-hard Unionist both think dishonestly, as does the ordinary citizen. They have all one fixed conviction—the Government is wrong—and no argument, be it ever so sound, can alter that. Nothing can shake the belief of the Irregular that the Government policy is dictated from Downing Street. Nothing can shake the belief of the die-hard that the Government policy is dictated by the Republican, and that they are only awaiting an opportunity openly to declare their allegiance to that form of government; while the ordinary citizen complains that the Government will not make peace, and passes resolutions condemning everything they do, and advocating "a truce of God."

A few days ago three resolutions were reported as having been passed by three rural councils calling on the Government, with the assistance of a high ecclesiastic, to make an *honourable* peace. Did any one member of any one of those councils consider what he meant by an honourable peace? How was it to be made? What terms could or would be given? Did they consider that they proposed to make it with men who were doing their utmost to destroy the country and make life and property so insecure that any

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government would be impossible? With men who were trying by every means in their power to frustrate the wishes of the majority of the Irish people? With men who were acting in direct opposition to the elected representatives of the people? With men whose success could only mean the ruin of themselves and their families, and would destroy for ever the possibility of successful Irish self-government? If I may answer my own questions, the answer is, emphatically: *No!* They did not. They passed their resolutions partly from cowardice, partly from vanity, and partly because such resolutions are fashionable now, and each council must not be overshadowed by its neighbours.

Such resolutions weaken a Government and embarrass it. They tend to create a public spirit the very reverse of what is necessary to combat such a rebellion as is in our midst. The man in the street, who is equally lazy of intellect and equally ready to condemn and oppose everything that is done for him, adopts the resolutions, and is firmly convinced thereby that the Government is acting very wrongly in not making peace immediately. One moment's thought would convince any man that the Government is at the limit of its concessions; the only peace must be surrender. You cannot make terms with a man who openly states and proves by his actions that he is determined to kill you. You must either kill or be killed. There is no room in the State for two Governments and two armies. If resolutions were only passed pledging whole-hearted support to the Government in any steps it may consider necessary to suppress rebellion, what a difference it would make! When the new police force—the Civic Guard—was formed and took up its duties, the Government announced that it would be an unarmed force. Immediately every man and woman you met exclaimed against the decision. What was the good of an unarmed police force? Were the Government deliberately playing into the hands of the Irregulars? And a dozen similar questions. This from a people who had seen the

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R.I.C. driven from their barracks, their rifles stolen, their lives taken, their usefulness as a police force ruined. A police force which has to be centralised in two or three depots cannot begin to function. They have to be scattered in every town and village, and if armed they would be merely providing the Irregulars with rifles and ammunition. There must be an unarmed police force or no police force at all.

I do not hold the Government blameless in this matter. They are much too fond of bald statements, of orders, even of threats. My countrymen are ill cattle to drive and too easy to lead. They do not object to have their reasoning done for them. Brevity and austerity in speech do not appeal to them. When last I wrote* I mentioned this aloofness of the Government. I do not intend to repeat what I then said, but it is still true. There have been attempts by the Publicity Department to take the people into their confidence. Unfortunately the right, the personal note, has not yet been struck. More good was done to the Government by the visit of the Governor-General and the President to PuncHESTOWN than by all the interviews with pressmen given by the Minister for Home Affairs.

About March 15 of this year the citizens of Dublin suddenly began to realise that the conferring of fiscal autonomy on the Free State would involve an *ad valorem* duty on certain articles manufactured in England. This "discovery" was first made with regard to motor cars. There was great writing in the newspapers, much gossip in the clubs, and feverish excitement in the motor trade. As usual, almost every man you met blamed the Government. Now, all this might have been avoided, and I submit should have been avoided, by telling the people either when the constitution was passed, or some months before March 31, the date on which the Customs were transferred, that such a consequence was inevitable. They were not so informed.

* THE ROUND TABLE, No. 50, March, 1923, p. 257.

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The newspapers were allowed to spring it on us a few days before the crucial date. It was as if a mistake had been discovered, a blunder revealed. Questions were asked in the Dail. The President replied that anyone who read the newspapers must have known that this would happen. With the greatest respect to a man whom I admire, and who makes amazingly few mistakes, this was not a sufficient answer. I admit that everyone should have known, but the President should also have known that the Irish people do not think deeply, are ever ready to follow a phrase, and do not look to consequence; that not one man in fifty who shouted for Home Rule had ever reckoned the cost. Further, assuming even that it was a sufficient answer from the standard of the logician and economist, it was a mistaken answer for the politician. "We are the Government. We have no time for these foolish questions; read the newspapers, and don't come bothering us." That is not the wise attitude for the moment. Every word and act which estranges the Government from the people prolongs the country's agony.

To return, however—dishonesty of thought naturally produces dishonesty of speech; but even the few who do think honestly do not all speak honestly. The temptations not to do so are certainly great. Fear is not the least of them. We have recently become more cowardly and selfish than I could ever have believed possible. Our sneering friends and enemies say it is the true Irishman now revealed. I disagree entirely. Put any race in the world into the conditions that have existed in Ireland for the last five years, and the result will be the same. No one knew what would happen next. If you espoused a side you had always an uneasy feeling that you would be let down and you generally were. If you spoke and acted as a man and a citizen should, and as a result your house was burned, you got sympathy from the Government. A Unionist farmer once described it to me: "Lashings of sympathy, but damn all else." Arms were carefully removed from

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everyone who ought to have them, and they were then exhorted to be brave and defy those nasty Sinn Fein gunmen. It is a very exceptional man who can live above his circumstances, and through pure patriotism, and sense of right, sacrifice his life and property. The few exceptions that we had have paid the price. Their treatment and the treatment of their dependents did not encourage others to follow their example. The average man who is left has stepped into a morass of selfishness. "What do I care, as long as I am left alone? Let me grab what I can for myself, and the devil take the country." Out of that morass we must come. We must be made to realise that it is up to us to save ourselves, that to sleep now is to die. That there is no more external and paternal Government; that we are the Government. That *we* must think before we speak, and, having thought, speak as *we* believe; must forsake shadows, and cling to substance; must abandon hot-air enthusiasts and support humdrum economists; and, above all, be honest with ourselves and our fellows.

The prevailing dishonesty of speech is reflected in the Press. Their delicacy of speech is delightful. A bloody murder becomes "a sensational shooting," or "a tragic incident." A theatre is blown up by a land mine in broad daylight, and passers-by are injured, and "a startling explosion in the city" is the limit of the Stop Press. The men who rob and burn your house are always described as acting with "the greatest courtesy." I know newspaper proprietors have excuses. They have been and are daily threatened, their circulation prohibited. The business houses who advertise in their columns are warned to discontinue or take the consequences. The time for excuses, however, is past. We must protest or perish. The jockey cannot win without his horse; the Government cannot win without the people.

The retrogression is, I regret to say, not only mental: it is also moral. The commonest rights of property are disregarded. Ten years ago this country was freer from petty

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larceny than any in the world. You could leave your door unlatched day and night, and your goods on the side of the road, and no one touched them. To-day the houses of people who consider themselves quite respectable and well-to-do, and who attend to their religious duties with the greatest attention, are full of stolen and looted goods. "Ah, shure, if I hadn't taken it, somebody else would." That has been said to me by one whom I always considered a decent honourable man, as an excuse for having a chair in his kitchen looted from a neighbour's house which was burned. The no-rent campaign is nine-tenths dishonesty, making use of existing conditions to escape liabilities. It is calamitous, but who has the right to point the finger? Not the war profiteer or the Army contractor, at any rate.

I met a farmer yesterday who was a Unionist, and still is. He has had a bad time: his cattle have been stolen and his land is still occupied by trespassers. All the neighbouring farmers, who were *not* Unionists, refused to pay their rents unless they got 40 per cent. reduction. Their landlord (resident in England) gave the reduction to them, but refused it to my friend, although he has not made 5s. out of his farm for the past two years. My friend was too honest to avail himself of the existing conditions. He has received his reward! I will not say what I think lest I say too much.

Someone who has read so far may say: "I thought this fool said things were better in Ireland." So they are. I am perfectly satisfied that the Government are striving to do what is right. I believe they do not count risk or personal popularity to achieve that end. If only they could be a little better known, reveal a little more of the human being and a little less of the official, they would be twice as effective. There is no question that the Irregulars will eventually be crushed. The time it will take to crush them depends on the people.

I have said that many of us have lost our sense of honesty: the next few days will prove if we have also lost our sense

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of humour. In this morning's papers appeared a "Proclamation" signed by Mr. de Valera which is surely one of the most amusing documents ever published. As usual, he takes the high note and mouths stupendous words and Olympian sentiments. "All legislative governmental authority in Ireland is derived exclusively from the people of Ireland." This from the man who for eighteen months, by blood and fire, has been endeavouring to destroy the governmental authority set up by the people of Ireland, who, six months ago, said if the people will not be led they must be driven, and looked into his own heart to find what the people needed. "No individual or class of individual is to be excluded from determining the national policy." That is de Valera on April 28, 1923; but the de Valera we have known for the preceding eighteen months has been driving one class from Ireland with the petrol can, the torch and the bullet. "Freedom of public meeting and freedom of the Press are rights of citizenship, and must not be derogated." Has he forgotten how his army destroyed railways and bridges to prevent public meetings, and threatened the death of the speakers again and yet again?

"The military forces of the nation are the servants of the nation." Have the Irregulars been our servants for the past five years? Then follows a sentence which must ever rank as the most supreme impertinence ever penned: "We are informed that many in the ranks of our opponents will accept these principles, as we accept them." If one could not laugh, one must go mad. Will the country laugh? Will the colossal foolishness of this movement be at last revealed? Or will they, when the Government treat this document as it deserves, still look on its author as an inspired hero, and blame the Government for not doing likewise? I stopped a man in the street to-day and asked him what he thought of it. "God save us and keep us from the fairies!" he said, and passed on. He was right; if the Irish people are not bewitched and have an ounce of sense, common or otherwise, left, they will laugh. Before

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this article is in print we shall know. I have no doubt that the Government will not be ensnared by this verbiage. Without fear, I prophesy that "hostilities," as Mr. de Valera expresses it, will not cease at his behest. If the country supports its Government as it should, one peace term and one peace term only is possible—the unconditional surrender of arms. If anything less is accepted I shall be grievously disappointed; anyone who asks for less is the enemy of his country. Until the only armed force is the regular army, under the strict control of the duly elected Government, there can be no peace. The rebel element must learn that the law must be obeyed.

[A heavy explosion has just shaken my house. I assume that Mr. de Valera's armed forces are again proving that they are the servants of the nation.]

When the last shot of the Irregular campaign is fired, even then perfect peace will not descend on Ireland. There will be agrarian outrages, mansions will be burned to make the owners subdivide the adjoining lands. Personal feuds will end in bloodshed. Bolshevism will try to raise its head. Many problems confront the Government. Shall we win through? I believe the answer is, "Yes." But if we are to win through soon, moral regeneration must come quickly. A well-known judge was asked the other day what code of laws would be most suitable to the Free State. "The Ten Commandments," was the reply.

THE PROBLEM OF EAST-CENTRAL EUROPE

I.

WHEN the end of the Habsburg Monarchy had come, the chief desire and care of the Austrian Germans was to preserve their own old sphere of interest within it, a Western Austria stretching from the German settlements in Northern Bohemia down to the Adriatic Sea; they gave no thought to Hungary, since 1867 politically and economically a separate State, nor to Galicia, the Bukovina and Dalmatia, extraneous provinces, late eighteenth century acquisitions of the Habsburgs. But it was essential for them to maintain their own sphere, be it now on terms of equality with the Czechs and Slovenes. Western Austria had grown up on a genuine geographical basis and numerous economic and cultural bonds encompassed it, across territories of divers language.

The chief concern of the Czechs and Slovenes, however, was to attain Czechoslovak and Yugo-Slav national unity: neither economic considerations nor the difficulty of joining together provinces which never in modern times had been united could possibly induce them to give up their national aims and acquiesce in the maintenance of the old Austrian-German inheritance, even if in a thoroughly modified form. They would not agree to continue under Vienna; still, they fretted at Austria intervening between them. At the Paris Conference they put forward the impracticable suggestion of a "corridor" through German West Hungary (territory subsequently assigned to Austria); they

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wanted to establish a link between Czechoslovakia and Yugo-Slavia and a barrier between the Austrian Germans and the Magyars. Moreover, whilst intent on their own national unity, they would not, and will not, allow the Austrian branch of the German nation to re-unite with Germany; among other reasons, because such re-union would permanently separate them from each other and for ever perpetuate the break-up of the useful geographical combination once embodied in Western Austria.

Geographic and national unity clash in the countries which face the middle Danube. The river and its plains had been an open highroad for invaders, the surrounding mountains had offered refuge and protection to the defeated. In the seventh century the whole of East-Central Europe, from the Baltic to the Adriatic and the Ægean, had been Slav. But successive waves of Mongol and Turanian invaders—Huns, Avars, Magyars, Tartars and Turks—swept from the east over the Hungarian plain; the Magyars were the first of them to remain and found a State. Meanwhile the Germans, for self-defence, had stepped into the narrow gap between the Carpathians and the Alps and founded the *Ostmark*, the nucleus of Austria. A barrier of Germans and Magyars henceforth separated the Czechoslovaks and Russians from the Southern Slavs. The growth of the Austrian-German and the Magyar State caused yet another division of the Slav territories. The German outpost on the Danube obtained control of the Czech mountain bastions in the north, and across Slovene country gained access to the Adriatic. The Magyars, whose own ethnic settlements nowhere extend into the mountains—the nomad horsemen had kept to the plains—secured convenient strategic and economic frontiers for their State by establishing their social and political dominion over the Slovaks, Little Russians, and Rumans who inhabit the broad defensive wall of the Carpathians, and obtaining control of Croatia, which intervenes between the Hungarian plain and the Adriatic. The frontier between Austria

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and Hungary, as it existed until October 1918, thus separated the Czechs from the Slovaks, and the Slovenes from the Croats and Serbs. The union between the Germans and Magyars in the Danubian Empire of the Habsburgs was formed for defence against the Turks, the last Asiatic invaders in the Hungarian plain and at the Vienna gate; in the remodelled Dual Monarchy, it was continued against the Slavs. The rise of Russia in the eighteenth and of democracy in the nineteenth century had confronted the Austrian Germans, Magyars and Turks with a common danger; their subject peasant races awoke to political existence and, being Slav or Greek-Orthodox or both, turned their eyes towards Russia. The expulsion of the Habsburgs from Germany and Italy, and the fixing of the German-Magyar dualism in their Danubian possessions, close the first half of the nineteenth century in Central Europe (1815–1867); the complete and irrevocable disruption of Austria, Hungary and European Turkey concludes its second half (1867–1919). Submerged races have re-arisen and old conquests have been obliterated; linguistic nationality has vanquished States and even geography. Those whom the Germans and Magyars had pressed against the walls have reasserted themselves within the precincts and broken up the geographical unity of the enclosures; wherever in the drawing of frontiers the principle of nationality was abandoned, this was invariably done to the disadvantage of the two once dominant races. The Czechoslovaks, Yugo-Slavs and Rumans have achieved national reunion, whilst the Little Russian districts of north-eastern Hungary, freed of the Magyars but separated from Russia by the Polish occupation of East Galicia, have for the time being been joined, as an autonomous unit, to Czechoslovakia. Some 6½ million Austrian Germans and about the same number of Magyars on the middle Danube are encircled by the three States of the Little Entente with a joint population of about 40 millions. What is the future of that part of Europe? Will some kind of co-

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operation be established between its many small States, ill fitted for economic self-sufficiency, and will such co-operation lead in time towards a political disarmament, or will a new Balkan arise—a "Balkan" being a region of small nations whose jealousies and quarrels are excited and exploited by the diplomacy of the Great Powers?

Whilst the artificial eclipse continues of the two greatest Continental Powers, Germany and Russia, it is difficult to forecast political developments in Europe; most difficult of all in East-Central Europe, their natural sphere of interests and influence. Merely some principles of policy and certain fundamental facts and tendencies can be discerned at present.

The politics of East-Central Europe are now dominated by an uncompromising linguistic and racial nationalism which, well suited to nomadic conditions, causes deep disturbances when applied to settled communities and would-be States. Each nation asserts its own unity, and tries to gather in even its small, scattered minorities, regardless of the rights of its neighbours; the more iniquitous a conquest, the harsher is as a rule the treatment meted out to the "alien" majority. Regional patriotism is practically non-existent; every frontier district is an object of dispute. Neighbours are enemies, but nations "once removed" are friends united by a common hostility against those who intervene between them. A common frontier makes for friendship if drawn across territory to which neither neighbour has any right—*i.e.*, if it results from a joint spoliation of a third party. Sometimes a common danger represses latent frontier disputes. In short, most of these friendships are based on some hostility or fear. Other things being equal, racial and cultural affinities are of very considerable importance. Common economic interests count, especially with the more civilised nations, but are nowhere decisive.

The Czechs and the Germans are the most civilised, one is almost tempted to say the only civilised nations in

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East-Central Europe. They alone have attained a high level of economic development; Czechoslovakia is the workshop and Vienna the commercial centre of East-Central Europe, and the two suffer most under its political disruption, its progressive decay and barbarisation. Ever since November, 1918, their own policies have invariably been pacific. Yet even with the Czechs nationality by far outweighs all economic considerations, and they would not think of a political federation with other States unless Prague were to be its capital. The other new or enlarged States, on a honeymoon with "sovereignty" and greatness, develop similar autocentric ambitions, only with less tact and justification. But naturally the centre of such a federation would have to be Vienna or Budapest—ominous cities, not to be reinstated as capitals by the recently subject, now victorious nations.

But even for a looser combination, a League or Concert, the necessary basis of security and mutual regard is lacking. East-Central Europe is disturbed by the Empire which the Magyars have lost and by that which the Poles have unrightfully acquired, and peace cannot come until the Magyars have been made to abandon their regrets, the Poles their conquests, and both their excessive armaments and conceit. Comity among nations is incompatible with the idea of "master-nations," but after centuries of social dominion the Magyars look down on the Slovaks, Yugo-Slavs and Rumanians, and the Poles on the Lithuanians, White Russians and Little Russians (and to a lesser extent, the Germans on the Czechs, and both the Germans and Italians on the Yugo-Slavs). Shall a thousand grandsons of serfs count for more than one noble big landowner? It is not an easy thing to reconcile political democracy with social inequality, least of all where differences of nationality coincide with class distinctions. The Magyars, neurotics of nationalism, rave about the "rights of the Crown of St. Stephen"—*i.e.*, of its paladins, and eagerly await a chance of trying to re-establish "the integrity of Hungary."

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In Poland, even "democratic" statesmen have argued that the frontier between Poland and Russia should be drawn on an average of human beings and the acres owned by them. Anyhow, the Poles have carved out for themselves a wide empire in violation of Russian national rights and of their own solemn promises, and against repeated protests from the Western Powers. This empire cannot last, and everybody in Central and Eastern Europe knows it. But what other pent-up hostilities will break forth when Russia moves to recover the ethnic Russian territories, especially should Germany move simultaneously to re-establish her eastern frontier? Where impossible frontiers have been imposed on the giants, where therefore everything remains in a state of uncertainty, how can any small nation feel sure that the last word has been said about its own disputed frontiers, and how can there be peace, to say nothing of trustful co-operation, where the air is thick with fears and irreconcilable desires?

A common interest unites Russia and Germany against Poland; Czechoslovakia, Yugo-Slavia and Rumania against the Magyars; and Italy and the Magyars against Yugo-Slavia. But the Czechoslovaks and Yugo-Slavs, whilst strongly pro-Russian, are anti-German; and the Rumanians, on the other hand, share the anti-Russian interest with the Poles. Austria alone in this cauldron of hostilities lacks a national policy, and the chief concern of her successive Governments is literally to secure the economic survival of her population; she alone is not a nation, merely a small fragment of a great nation, with whose fate her own fate is unavoidably bound up.

If Germany and Russia do not revive, East-Central Europe will plunge into political chaos and economic disaster; if they revive, a revision of values must follow; and until they revive, political combinations on the Continent will remain precarious and unstable, because based on fanciful valuations, in disregard of true weights and measures. In any case, Austria's attitude matters, if

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merely for geographical reasons (even now, by taking sides, she could close the ring of the Little Entente round the Magyars, or alternatively establish the connection between them and Italy). But, what is more important, it is in Austria and through Austria that German policy in South-Eastern Europe will declare itself. Will this German outpost seek friendly co-operation with its Slav neighbours, or, when it feels Germany's renewed strength behind it, will it aim once more at supremacy, encouraged by, and in turn encouraging, Magyar ambitions? The choice will rest with the Austrian Germans at least as much as with Germany; even clear interests of the vast majority of a nation do not always prevail against the will and the passions of the exposed and directly interested minority. With regard to Poland, the Germans and the Russians had before the war an obvious common interest, as fellow-conquerors; now as fellow-sufferers. But nevertheless the break between them came in 1914, when Russia took up the cause of a small Slav nation, whilst Germany defended German-Magyar supremacy on the Danube. The same issue now centres on the line between Prague and Vienna—how will their mutual relations shape in future? If they follow the right lines, if this tendency is maintained by the new Germany, if the Germans refrain from reviving their dreams of empire in the south-east, and the Slavs consequently lay aside their fears and suspicions, if the Poles and Magyars accept notions of international democracy, then East-Central Europe may attain stable balance and peace. Otherwise, even though the organising efforts of Czech diplomacy may now assure temporary tranquillity, Balkanisation would be its final fate. And "Balkans," though fostered by the competing policies of the Great Powers, finish by drawing them into conflicts against their own will.

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II. CZECHOSLOVAKIA

THE Czechoslovak Republic has an area of 54,877 square miles and 13,605,000 inhabitants, ten millions in the Czech provinces, three millions in Slovakia, and 600,000 in the autonomous province of Carpatho-Russia. 8,759,000 (65.05 per cent.) are Czechoslovaks, 3,122,000 (23.4 per cent.) Germans, 746,000 Magyars, 460,000 Russians, and 180,000 national Jews (about half of the religious Jewry of Czechoslovakia); the German minority is concentrated in the Czech provinces which before October, 1918, formed part of Austria, the Magyars in Slovakia and Carpatho-Russia, which belonged to Hungary. Between 1910 and 1921 the number of the Germans has decreased by 625,000 and that of the Magyars by 325,000, partly through migrations, partly because the Jews are now allowed to register as a separate nationality, and partly because this time certainly no pressure was exercised in their favour. The results of the religious census are not yet complete; before 1918 almost the entire population of the Czech provinces was nominally Roman Catholic, and of Carpatho-Russia Greek Catholic; in Slovakia about two-thirds were Roman Catholic and almost one-third Protestant. Since 1918 about one million people have left Roman Catholicism and joined the Czech National Church or one of the Protestant Churches, or have declared "without confession."

The Germans form solid majorities on the fringes of the Czech provinces, especially in Northern and Western Bohemia; at the Paris Conference they demanded the separation of these districts from Czechoslovakia, which would have meant economic disaster for the Czechs and Germans alike, and geographically would have made the Czechoslovak State impossible. A great part of them, led by schoolmasters of every description, perseveres in this

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demand, and continues to plough the sands of a sterile and provocative nationalism, to the exclusive advantage of their corresponding numbers on the Czech side. Especially strong in the lower middle classes and among the small and numerous Government officials, these Czechs retaliate by petty, narrow-minded chicanery, in turn supplying the German nationalists with welcome opportunities for screaming about their injured "minority rights." But in the Czech Parliament these same German nationalists recently moved a Bill for restricting the percentage of Jews in Government schools, in direct contravention of the Minority Treaty; it was lost because of the 199 Czechoslovak members only one single Clerical was got to vote for it. The more reasonable, economically thinking elements among the Germans, in the first place the Agrarians and Socialists, incline towards co-operation with the corresponding groups among the Czechs, and there is a chance of such a *rapprochement* in the future. Forming one-fourth of the population in a small country surrounded from three sides by German territory, the Germans of Czechoslovakia, provided they acknowledged the Czechoslovak State, could exercise considerable influence over its policy, and more effectively further their own national cause than by making the Czechs feel dependent on French support; Bismarck reprimanded the Pan-Germans who wished to split off from the Habsburg Monarchy, and Treitschke severely rebuked a group of Baltic Germans who played the separatist in Russia. But the Bohemian Germans have no able politicians—the cleverest migrate to Berlin, and for those who remain the question, *e.g.*, whether or not Reichenberg is also to be known by its Czech name of Liberec, overshadows all problems of world policy. When the Bill for guaranteeing Austria's credit under the Geneva scheme came before the Prague Parliament, from among the Germans the Nationalists voted against it to avoid acknowledging that the Czech Government was doing something for their Austrian brethren; the Socialists did

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the same because for party reasons their Vienna comrades opposed the scheme; the Clericals alone voted for it, because the Austrian Chancellor, the sponsor of the scheme, is himself a Clerical. It was the Czechs who against the German votes carried the Bill for helping Austria.

At the decisive moment in history, the Czechs had the good fortune to produce true statesmen, and the good sense to follow them. President Masaryk is one of the finest characters and best minds in European politics. A philosopher statesman, who repeatedly, in defence of truth and justice, defied popular passions and never had a programme to attract the masses, he was a lonely man among the politicians. But when the crisis came the Czechs rallied to the mild old professor who, strong in faith, kept up their spirits when hope was failing; victorious, they unanimously elected him President of the Republic. Even the Germans acknowledge his high character and merely complain of his not being able to make his own spirit prevail in the administration of the country. Dr. Edward Benes, President Masaryk's disciple and assistant, has been Czechoslovakia's Minister for Foreign Affairs since October, 1918, and by his statesmanship has secured for her a place next to the Great Powers. Clever and conciliatory, he is the peace-maker of East-Central Europe; he knows its problems and its "statesmen" and, himself free from vanity, succeeds in leading them without their resenting his leadership. Not to offend the short-lived masters of an ephemeral situation, he fits himself so closely into it that one sometimes wonders whether he himself has not become part of it. He has created the Little Entente—what does he really think of the alliance with Rumania? He works with the French—does even he share the agoraphobia which besets the Czechs in international politics? A small nation which has built up a new State in unsafe surroundings, they fear to stand alone and feel a vague desire to find cover with some Great Power. In the

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absence of Russia the Czechs turn to France, but against the Magyars they do not require French help, and as for Germany, France and her protégé Poland will much sooner require the help of Czechoslovakia than she theirs; and then the Czechs will do well to keep out of it. In Dr. Rasin, Czechoslovakia had found the man, in office and out of office, to control her economic and financial policy; unbending, upright, with a clear, sharp and yet fanatical mind, in his *intransigence* he was a poor politician but a great financier, in these days a fit trustee of a nation's printing press, treasury and financial conscience. By imposing heavy taxation he made the nation feel the other side of Government spending, and at the same time succeeded in covering ordinary expenditure from normal revenue. He withdrew from circulation half of the paper money which Czechoslovakia had to take over from the Austrian Empire, and absolutely set his face against any printing of fresh uncovered banknotes. This prohibition has by now sunk deep into the Czech mind. He never cared about his own popularity. A ruthless enemy of Government extravagance and with the courage to defend capitalism on its own merits, he fought hard battles against the Socialists, with varying success. He has been killed by a shot fired at him on January 5, 1922, by a Communist maniac; but so much he had by that time achieved that Czechoslovakia, alone of all Continental countries which fought in the war, balances her Budget and has considerably improved her foreign exchanges during the last two years.

The material foundations for a sound economic policy exist in Czechoslovakia. Her economic organisation resembles that of Germany, her population is well educated, hard-working and thrifty; her trade balance is active. Her agriculture is highly developed, and so are her agricultural industries, sugar factories, breweries and alcohol distilleries—in fact, Czechoslovakia is the greatest sugar-exporting country in Europe. The Slovak forests cover her requirements in timber and yield a surplus for export. About

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80 per cent. of the textile industries and engineering works of the late Austrian Empire are concentrated in Czechoslovakia; yet her output of coal exceeds her own needs. Her glass and porcelain industries are among the first in the world. If anything, Czechoslovakia is "over-industrialised"—will she in future find sufficient markets for her manufactures? Like England, she covers the industrial requirements of her home markets in two or three months, and during the rest of the year has to work for export.

The Czech industries grew up behind the high tariff walls of Austria-Hungary—e.g., the textile and iron industries working mainly for what were then their home markets. With the disruption of the Habsburg Monarchy, the tariff lines were shifted, each of the Succession States embarking on a protectionist trade policy. Moreover, Czechoslovakia's old customers in Eastern and Central Europe have grown very poor, and the ruin of their currencies, whilst impairing their purchasing power, raises unsound competition. The changes were not, however, felt at first; the world-wide post-war trade boom lasted till the summer of 1920, and was followed in Czechoslovakia by a spurious local boom, based on a falling currency; until the early summer of 1922 the Czech crown sank together with the German mark and the Austrian krone. It took some time before it was realised that financially Czechoslovakia must not be lumped together with her neighbours. Once the Czech currency had acquired an independent status and established itself beside the Swiss franc as the only good currency of Central and Eastern Europe, the Germans, and still more the Austrians, began buying and hoarding it in their flight from their own paper money. As the entire issue of Czechoslovak kronen amounts to only something like 10 milliards (at the present rate of exchange £60 million), the Kc.* began to rise rapidly in foreign markets—from 400 to the £ in November, 1921, to 250 in the spring, and 125 in August, 1922. But

* Kc. signifies the Czech krone.

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the internal value of a currency cannot adjust itself quickly to an appreciation of over 300 per cent. in ten months; taxation and tariffs on the railways (uneconomically run by the State) remained unchanged, retail prices in the home markets took a long time to fall at all, no considerable cuts could be made in wages, and in many an industry the cost of production soon came to exceed world prices, putting an end to export trade. The reductions in prices, when at last made, entailed heavy losses for those who worked on Kc. credits—their debts remained unchanged whilst their stocks had to be written down. Unemployment and bankruptcy at first increased very much in Czechoslovakia; and even though a slight improvement seems to be setting in now, people ask themselves how much of the present crisis is due to fluctuations in foreign exchanges, and how much to more permanent factors which will hamper recovery even after the necessary readjustments have been effected? Czechoslovakia is dependent on the European markets to a much higher degree than are we ourselves; her overseas trade is comparatively small, and she for one cannot withdraw from Europe. Her future prosperity is bound up with the economic recovery of Germany and Russia and the economic reconsolidation of East-Central Europe; her most vital interests ought to have made her foreign policy support ours; but nationalist fears and military considerations have to some extent riveted her to France. Moreover, so far, the big economic interests carry hardly sufficient weight in Czechoslovakia; her Socialists are doctrinaire opponents of capitalism, whilst her anti-Socialists are *petits bourgeois*. In general, there is still too much timorous striving after an unattainable self-sufficiency. But sooner or later Czechoslovakia will have to make a bid for a wider freedom in an open field, both economically and politically. Perhaps the economic side will come first.

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III. AUSTRIA

AUSTRIA having been dealt with in two recent issues of THE ROUND TABLE,* it will suffice in this article just to touch upon the outstanding facts of her position.

Almost 30 per cent. of Austria's population are concentrated in Vienna, which had grown up as the capital of the Habsburg Monarchy, the administrative, financial and commercial centre of a wide Empire, but has now for its hinterland nothing but a few poor Alpine provinces, which have neither produced nor can maintain it. In the absence of a true national bond to unite them, the two form well-nigh hostile camps, the Socialist workmen of Vienna and its urban surroundings clashing in every way with the Clerical peasantry of the country districts. Austria lacks both the moral and the material conditions of an independent existence. Her agriculture cannot feed her population; barring the iron ore of Styria, her mineral wealth is small; she has hardly any coal, and her water-power is undeveloped. Her industries and her transport have both been disorganised by the war and the subsequent political disruption. Most of the Vienna industries, like those of Paris, depend for their production and markets on a refined taste, which perishes under the conditions now prevailing in East-Central Europe. Even among the manufacturing and trading community of Austria considerable readjustments are required in employment; whilst a disproportionate number of discharged or pensioned officers from the late Imperial Army and officials from the bureaucracy are anyhow on the look-out for any available office work or add to the burdens of their severely impoverished country.

The financial and economic distress which was bound to result from the downfall of the Habsburg Monarchy, and

* THE ROUND TABLE, No. 48, September 1922, p. 735, and No. 50, March 1923, p. 321.

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the reckless finance of the four years which followed it, and has made things a hundred times worse, were described by us last September.

The international credits now granted to Austria under the League of Nations scheme temporarily enable her to cover the deficit in her budget, and have helped her to break through the vicious circle of inflation—which in itself is a great boon. Moreover, foreign control has enabled her Government to impose taxation and apply the “axe” to the bureaucracy in a way it would not have dared to do on its own. Still, the idea that after the two years foreseen by the scheme Austria will, without foreign help, balance her budget and provide for the services on the loans she is now receiving, seems based merely on pious wishes and hopes. It will require a considerable improvement in the condition of Germany and Russia, and considerable progress towards a re-integration of East-Central Europe before the active part of Austria's population can find profitable employment; and under the most favourable conditions it will take a good long time before Austria produces more than she consumes. In a *rapprochement* with Czechoslovakia and Yugo-Slavia, Austria would probably find the best chance of economic recovery, whilst such a *rapprochement* would, both for political and economic reasons, be of the greatest value to the other two countries. But Italian jealousies and clerical intrigues at present bar the way to this natural solution of one of the most difficult problems of East-Central Europe. And anyhow, this will not be reached in Geneva, nor effected in the absence of Russia and Germany.

IV. YUGO-SLAVIA

OFFICIALLY Yugo-Slavia is called the Kingdom of the Serbs, Croats and Slovenes, or, for short, “S.H.S.,” which sounds like a chemical formula; but the Serbs would not surrender their name, nor the others their individuality.

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Still, Yugo-Slavia exists, and whatever differences there are concerning the form which the union is finally to receive, no one doubts its survival. But the welding together of this State is no easy task; it consists of eight historically and culturally distinct parts, inhabited by a nation which speaks two, it is true closely allied, languages—Serbo-Croat and Slovene—and professes three different religions. The Serbs are Greek-Orthodox, and use the Cyrillic script, whilst the Croats and Slovenes are Roman-Catholics, and use the Latin writing; the Bosnian Mohamedans, who speak the same language as the Serbs and Croats, are not covered by either name. Indeed, unless this nation becomes Yugo-Slavia in name and in spirit, no one formula will cover all its cross-divisions.

Yugo-Slavia has an area of 90,000 square miles, and, on January 31, 1921, had a population of 12,017,000, of which about 10 millions were Yugo-Slavs (8,965,000 Serbo-Croats, and 1,025,000 Slovenes); of every ten Serbo-Croats about six are Serbs, three Croats and one Mohamedan. There were, moreover, 203,000 other Slavs, 513,000 Germans, 472,000 Magyars, 442,000 Albanians, and 13,000 Italians. 46.6 per cent. of the population were Greek-Orthodox, 39.4 per cent. Roman-Catholic, 11.1 per cent. Mohamedans, 1.8 per cent. Protestants, and 0.5 per cent. Jews.

In the north-western corner of Yugo-Slavia lies Slovenia, late Austrian territory, clearly distinct from the Serbo-Croat parts of Yugo-Slavia; of its 1,056,000 inhabitants 93 per cent. are Roman-Catholic Slovenes. Having for centuries stood in contact and conflict with the Germans, they are the most literate and most civilised of the Yugo-Slavs.

At the eastern end of Yugo-Slavia lie North Serbia—*i.e.*, Serbia within the frontiers of 1878 to 1912—and Montenegro, both inhabited almost exclusively by Greek-Orthodox Serbs, a hard peasant race of fighters unsurpassed even in modern warfare. Less civilised than any of the provinces which had been under the Habsburgs, Serbia was the

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Piedmont of Yugo-Slavia, and now, some say, threatens to become its Prussia; where differences in character subsist, the dividing line between liberation and conquest is elastic. And a lurking suspicion there is in the typical Serb against Slavs who belong to the strange, western, Latin Church; the doctrine that the true Slav ought to be Greek-Orthodox is deeply engrained in the Serb as well as in the Russian mind, and is not altogether devoid of truth. Still, the Serbs would do well to moderate their pride and claims, and the others to remember how much the Serbs have done and suffered for the common cause. In 1910 Serbia had 2,912,000 inhabitants, in 1921, after the wars of Yugo-Slav liberation, only 2,655,000; the number of men had decreased by 231,000, and of women by 26,000. Similarly, Montenegro, with a population of 200,000, has suffered severely in the wars.

Between Serbia and Slovenia lie the three mixed Serbo-Croat provinces, each with a long and eventful history and its own cultural, social and administrative peculiarities. Croatia, which for centuries had formed an autonomous kingdom under the Hungarian Crown; Dalmatia, a late Venetian, since 1815 an Austrian province; and Bosnia-Herzegovina, up to 1878 under Turkish, and then under joint Austro-Hungarian administration. Croatia has a population of 2,740,000, two-thirds of them Croats, and almost one-fourth Serbs, in settlements almost inseparably intermixed with each other; the remainder are mostly Germans and Magyars. In general culture, in economic and administrative ideas and institutions, Croatia is considerably ahead of Serbia; it enjoyed European government, in addition to self-government, whilst Serbia was still a Turkish province. Although the Croats accept the Yugo-Slav idea, they will never agree to being merged in an enlarged Serbia. Their face is to the west, they are proud of not being "Balkanic," and, moreover, in a spirit of narrow doctrinal constitutionalism, which they have caught from their old enemies, the Magyars, they cling to every

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tradition and detail of their ancient "State Rights." They complain that Serbia sends them too many officials from the centre, and, at the same time, tries too much to centralise all Government business at Belgrade; that the Serb administration is corrupt, backward and inefficient; that Serbia both exploits and neglects them economically. Many a Croat complaint is unfortunately justified, but also many a post-war ailment universal on the European Continent is put by them to the particular account of the Serbs and made by them into a rationalised excuse for the dislike they feel even of a reasonable measure of centralisation. The final solution of the constitutional problem will have to take due account of both points of view; should the Croats succeed too well in fully realising their claims, the 650,000 Serbs in their own midst will transfer to Croatia the difficulties which now beset the "S.H.S."

Bosnia-Hercegovina has 1,890,000 inhabitants, almost all Serbo-Croats; about 44 per cent. of the population are Greek-Orthodox, 23 per cent. Roman Catholic and 33 per cent. Mohamedans. The province has a very strong peculiar character of its own; and the three groups of Yugo-Slavs here too live in inextricably intermixed settlements.

Dalmatia has a population of 621,000, mostly Croats; Italian cultural influence has been strong in this province, but an Italian national minority is almost non-existent—it counts 4,586 representatives. The Dalmatians were the first to raise the modern national Yugo-Slav idea, divorced from religion. They are the most cultured and best educated among the Serbo-Croats; and whilst the mentality of the Zagreb Croats has been formed largely under German and Hungarian influence, the Dalmatians, a Mediterranean seafaring race, are disciples of the French and Italians. This was at first apparent even in their constitutional ideas; centralism seemed to them the natural constitutional form for a re-united nation; but then they thought of a Yugo-Slav, not of a Serb, centralism.

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To sum up: The three provinces which intervene between Slovenia and Serbia have a joint population of about 5½ millions, almost all Yugo-Slavs, about half of them Croats, the rest Serbs and Mohamedans. There would be little sense in lumping these three provinces together, and still less in partitioning any of them; and considering the marked individuality which each of them has, a fair measure of autonomy seems desirable. This, however, must be but a step towards closer union between the Serbs and Croats; should they fail to reach it in Yugo-Slavia as a whole, their quarrels will be reproduced in each of these separate provinces.

South of the old kingdom of Serbia lies the province of "Southern Serbia," consisting of the Macedonian and Albanian territories which were Turkish until 1912, and have been objects of discord ever since. Of its population of 1,475,000 about half is Greek-Orthodox and half Mohamedan; by race they are Serbs, Bulgars, Albanians, Kutso-Vlachs, Greeks, etc., and the accuracy of the official statistics for this practically savage country seems open to doubt; 60 per cent. were put down as Serbs, but one cannot help suspecting some extensive "annexations" having been made here at the expense of the Bulgars.

North of Serbia lies its second Macedonia, the districts of the Bacska and the Banat, until 1918 parts of Hungary proper, now joined into one province under the name of Vojvodina. It might have been better for Yugo-Slavia herself had the frontiers of this province been less lavishly extended to the north; but anyhow, each part of it is strongly mixed in nationality and religion, this rich province having been colonised by various races. Of its 1,380,000 inhabitants, 514,000 are Serbs and Croats, 382,000 Magyars, 328,000 Germans ("Suabians" from southern Germany), 74,000 Rumans, 68,000 Slovaks and Little Russians, etc. In religion they are Greek-Orthodox, Greek Catholics, Roman Catholics, Calvinists, Lutherans, Jews, etc.

The discord between the Serbs and Croats became acute

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even before the first Yugo-Slav Parliament had met, and only a few Dalmatian Croats entered it, 60 Croat members refused to do so. A further 59 Communists were excluded from it: there remained merely a rump of some 300 members. But the centralised constitution carried in that Parliament by the Serbs with the support of the Mohamedans and of some Slovenes is not likely to survive long. To the new House, elected last March, the Croat nationalists have been returned in increased strength, and negotiations for a compromise were immediately opened with them by the Serb centralists; what their outcome will be it is as yet impossible to foretell. Anyhow, it was not through constitutional centralism that Prussia unified Germany, but by giving her an efficient administration, a super-efficient educational system, and by building up a new economic life, a new coherent structure raised above the old Germany.

Yugo-Slavia has enormous economic possibilities,* but they must remain unused unless an efficient, progressive Government creates conditions under which foreign capitalists could undertake the work, and, most important of all, until good railways and harbours are provided for the transport of the ores, timber, grain, fruit, etc.

Yugo-Slavia's railways had suffered terribly in the war, and her natural harbours have been taken from her and ruined by the Italians. Moreover, the railways in the late Austro-Hungarian provinces run in wrong directions, having been made to converge on Vienna and Budapest, whilst the Yugo-Slav countries were artificially kept apart—e.g., no railway connected Bacska with the Banat, or Bosnia-Hercegovina with Serbia. To this day Yugo-Slavia has only one single line running east and west, the

* Vojvodina has the richest of wheat land and orchards and vineyards; Bosnia-Hercegovina, plums and prunes on a large scale; Croatia, the best oak in Europe; Bosnia-Hercegovina, excellent pinewoods; the country generally, oil, copper, coal in large quantities, and excellent iron ore, though very few mines are worked; and enormous, though undeveloped, water-power, as well as cheap labour.

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poor single-track railway from Belgrade to Zagreb, so overcrowded that goods trains stand for weeks in its stations without there being any possibility of moving them. Moreover, the service on the railways is poor; it would have been too dangerous to retain the Magyars with whom they were largely staffed, and of the Yugo-Slavs the best could not be got to replace them as the pay of the civil service is too poor.

The Yugo-Slav Government has no money. For fear of losing votes, the politicians dare not tax the peasants who form about 85 per cent. of the population and own practically the entire wealth. As in Austria during the period of money-printing, the Government has to get by fraud what it does not dare to claim openly. It has printed money and imposed indirect taxes; but as most of the revenue is spent on the army and the civil service, the existing method of taxation leads inevitably to an increase in expenditure, this to fresh taxation of the same description, etc. Between her politicians and her peasants, Serbs and Croats alike, Yugo-Slavia remains poor in spite of her natural wealth. Even her agricultural production has diminished considerably of recent years. The peasants, more eager to seize land than to work it, have recklessly destroyed the big estates, the best organised centres of agriculture; and meantime the successive Governments merely invented euphemistic terms of "agrarian reform" to cover up the high-handed actions of the sovereign peasants. It is on mining, industry and trade that the economic life and even the State organisation of Yugo-Slavia will have to be raised; in certain circumstances peasants may become a State-preserving, but they are not a State-building, element. Nor will the Yugo-Slav peasants ever supply the capital required for industry. They invest their savings on their farms, hoard money in coffers or waste it on luxuries, but subscribing to industrial issues lies beyond their sphere of thinking. The capital and initiative must come from outside.

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It is in Yugo-Slavia that Czech industry and Austrian commerce and finance could find the most profitable field for their activities, and it is through the intermediary of these kinsmen and neighbours of Yugo-Slavia that more distant countries could best co-operate in her economic development. But the first step towards such co-operation would probably have to be the handing over of the railways of all the three countries, Czechoslovakia, Austria and Yugo-Slavia to one single Anglo-American railway concern which would eliminate bureaucratic waste and political jealousies, and thus provide good and cheap transport. This sounds like a daydream—but perhaps all thoughts of economic recovery and further development are for these parts of the world in our own time nothing better than daydreams.

UNITED KINGDOM

I. CURRENT POLITICS

The Government and the Country

WHEN Mr. Bonar Law said of the "Tranquillity" Government that while he hoped to secure that blest condition for the country, he and his colleagues did not expect it for themselves, he drew a prudent and necessary distinction. The days are gone for ever when the seats of office might have been expected to afford the occupiers a safe or comfortable ride; democracy is likely to prove more than usually fractious between the shafts until the times allow a better fit to the harness. The roughest part of the Ministerial road so far is that which leads towards the decontrol of rents. Here the electorate has laid its ears back and kicked, and three members of the Government have already been left as casualties by the roadside.

The General Election left several Ministers unprovided with seats. By February 13, when Parliament met, Sir Arthur Griffith-Boscawen, Mr. J. W. Hills and Col. Stanley had been designated for presumably safe Conservative seats, all urban constituencies of the middle-class type—Mitcham, the Edge Hill division of Liverpool, and Willesden respectively. The polling results, made known on three successive days early in March, brought triple disaster to the Government. Col. Stanley was beaten in a straight fight with a Liberal. Sir Arthur Griffith-Boscawen, with the

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aid of an independent Conservative candidate, the origins of whose candidature are not clear, lost to Labour. Mr. Hills also lost to Labour in a straight contest remarkable for Conservative abstentions. Seldom has a Government, within four months of its election, met with a plainer rebuff.

Just as a private member on the Ministerial benches may feel a greater liberty of voting against the Government when its majority is secure, so constituencies customarily loyal will permit themselves some latitude at a by-election when they think a protest necessary against the Government they have established in office. This is the most probable explanation of the results. They expressed middle-class disapproval of the Government's handling of the decontrol of rents, the leading issue in all three cases. They were intended rather as a prod than as a knock-out. Sir Arthur Griffith-Boscawen, the Minister of Health and the responsible exponent of official policy, was unlucky in that the still fluid state of that policy prevented his making the unqualified kind of pronouncement that the elections required. The Government had at first adopted the principle of progressive decontrol according to the class of house and in descending order of annual value. This was resented as a differentiation against the middle class. It was subsequently modified by making decontrol in any case dependent upon a sufficiency of houses, but, as the event proved, in vain. A further noteworthy factor in the reverses was the reluctance of an electorate, by no means inured to party discipline of the pre-war order, to fall in with the convenience of party organisers and accept candidates, of whatever political standing, imported from elsewhere. At Darlington and subsequently at Ludlow local candidates had no difficulty in retaining seats for the Government.

After the elections no course was open to Mr. Bonar Law but to accept the resignations of the three defeated Ministers. The vacancies were filled from within the House of Commons. Mr. Neville Chamberlain, brother

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of Mr. Austen Chamberlain, became Minister of Health, an office for which the large share he has taken in local government in the progressive municipality of Birmingham especially fits him. He was succeeded as Postmaster-General by Sir W. Joynson-Hicks.

Mr. Chamberlain made it a condition of his acceptance that he should be allowed to think out the policy of his department afresh. In regard to the decontrol of rents, legislation is on foot to prolong the period beyond this summer, when it is at present due to end. The principle of the permanent settlement is to be made known shortly. Almost certainly a date will be fixed in 1925 for the simultaneous decontrol of all controlled houses irrespective of value.

The control of rents and the supply of houses between them constitute one of those vicious circles familiar in war-time economics. If decontrol takes place before more housing room is at the disposal of the population, hundreds of families may be turned into the streets. Until decontrol takes place, the initiative of the private builder is not free to make good the deficiency. State encouragement is essential to resolve or to ease the dilemma. Mr. Chamberlain's housing plan reverses the Addison principle. It continues State assistance in the form of a share in the annual loss on houses provided under local schemes, limited to £6 annually on each house and to twenty years' duration. The liability of the State is thus restricted and the obligation of administrative economy is thrown upon the local authorities. Houses ranking for State subsidy are not to exceed a certain specification. The limit provisionally fixed excludes, or practically excludes, the feature of a "parlour," dear to the British heart, and indeed indispensable, judged by democratic standards of housing. The praiseworthy intention of the Government is to ensure that the subsidy is not employed in the provision of dwellings beyond working-class means. But the outcry has been loud and immediate, and, rather

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than incur the reproach of responsibility for "State-built slums," the Government is almost certain to enlarge its housing standard.

It will be seen that bread-and-butter politics, in a country none too richly provided with either at present, have furnished the principal excitements of the quarter's politics and the main domestic difficulties of the Government. Yet another pinprick is involved in a national re-assessment of house property for income tax purposes, provided for by the late Government, the effect of which will be generally to increase the tax payable. This comes the more bitterly to the overwrought taxpayer because it makes the Government appear to take back with one hand the precious remission of income tax which it has just bestowed with the other. A vigilant Labour opposition does not fail to make the best, or the worst, of these opportunities.

If we add the Budget, which will be discussed later, and air defence, the inadequate condition of which arouses no little anxiety and is frankly admitted by the Air Minister, the leading issues of current domestic politics will have been enumerated. The main problem in foreign politics concerns, of course, our attitude towards the Franco-Belgian adventure in the Ruhr, a subject which is dealt with elsewhere in this number. Various sections of popular opinion look upon the guarded neutrality the Government has hitherto observed with enthusiasm, apathy, vague mistrust or indignation. There is certainly less enthusiasm than indignation. The most prevalent sentiment is perhaps that of vague mistrust, which the course of history in the Ruhr does not tend to limit or allay. Failing satisfaction from the Soviet Government in the matter of the British trawler seized by the Russians outside the three-mile limit, though within the twelve-mile limit within which Russia asserts sovereignty, there is some possibility of the Russian Trade Agreement being denounced and the British and Russian delegations to Moscow and London

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being withdrawn. Should the Patriarch Tikhon be added to the list of Russian martyrs there will be no doubt a considerable feeling in favour of the step. It would, however, be the equivalent of a rupture of diplomatic relations, and would become a very serious and stormy issue in this country. All Labour, Liberal, and not a little Conservative thought has throughout favoured the opposite plan of bringing British moral influence to bear by extending our recognition of Russia's *de facto* Government. "Hands off Russia" was a powerful cry three years ago, though the industrial districts were then less well acquainted with distinctions between Soviet theory and practice than they are to-day.

In Parliament itself the Government has had the unpleasant but not serious experience of a defeat. On April 10 a private member's attempt to secure special consideration for the initial rates of salary of temporary ex-service clerks taken permanently into the Civil Service drew from the spokesman of the Treasury Bench what the Opposition regarded as an unsatisfactory reply. On the customary motion that the Speaker leave the chair, in order that the House might pass into Committee of Supply, a division was challenged and the motion defeated. The effect was that the House, after the classic model, refused supply before redress. On the following day the Government, with its supporters now mustered at full strength, endeavoured to continue with its programme of business without reference to the defeat of the day before, which Ministers regarded as an accident without significance. A storm followed on the Labour benches, and in uproar, the singing of the Red Flag, and a scuffle on the floor of the House, the sitting was suspended. Next day the Government promised inquiry and report on the question originally raised, and calm was restored. A failure in the Whips' office and slackness of attendance on the Ministerial side were mainly responsible for a reverse of no permanent importance save that it did in part show what a tender

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spot ex-service interests form in the political conscience, and how warily economy must walk when approaching them. On a less delicate question the Government benches would perhaps have been more punctually filled. The Opposition had a simple and congenial task in "championing the rights" of the ex-service man.

Mr. Bonar Law and the Conservative Succession

Allowing for the demonstrations of feeling already noticed on questions directly bearing on the purse or comfort of the people, there is no evidence of any change, during the first six months of the new Government, in the fundamental balance of public opinion revealed by the General Election. For the present opinion rather waits on events in a future full of uncertain factors—the outcome of the Ruhr struggle and to a lesser degree of the Lausanne Conference, the extent of a revival in trade and employment, the alignment of the various Liberal and Conservative groups and, not least, the health of the Prime Minister himself. Mr. Bonar Law took the responsibility of leading his party out of the Coalition and into office on its own account only on the understanding that the state of his health might compel him to lay down the leadership before very long. He has able lieutenants in Lord Curzon and Mr. Stanley Baldwin, and Sir Douglas Hogg, the Attorney-General, has proved a valuable recruit. But the rest of his team, if competent, is on a different level of influence and capacity. The burden upon the Prime Minister has been unquestionably heavy. It is not unnatural that there should be speculation and to spare upon the question of a successor, should his physical strength be again overtaxed. Mr. Bonar Law himself is represented very credibly as desiring, in this event, a leader under whom the full reunion of the party and a reconstruction of the Government could take place. On paper it is clear that the re-entry of the Parliamentary and administrative talent and experience now excluded in the persons of Mr. Austen Chamberlain, Lord Balfour, Lord Birkenhead, Sir Robert

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Horne, Sir L. Worthington-Evans and others would greatly reinforce the Government. In practice there are stubborn personal difficulties in the way. Mr. Chamberlain's loyalty to Mr. Lloyd George at the time of the break-up of the Coalition does not endear him to the Die-hard section. He himself, like Lord Balfour, is still unconvinced that the Carlton Club decision was expedient. Lord Birkenhead has been eloquent, perhaps too eloquent, in bitter reproach of fellow-Conservatives. He has twitted them, Lord Salisbury and Lord Selborne in particular, as the "Dolly sisters of the movement," with reproducing the very failures and omissions for which they attacked the late Government. Sir Robert Horne, personally acceptable to either wing of his party, is agreeably employed in the City and in no hurry to return to office. The leadership either of Lord Curzon or Mr. Baldwin could hardly be expected to cast a reconciling spell at present upon the Chamberlainite Unionists. The hopes of some people rest on the Duke of Devonshire as a Campbell-Bannerman for the party.

Meanwhile the Government goes on. Whatever discussion has been based upon Mr. Bonar Law's health is still only speculative, though he has unfortunately just been compelled to take a sea-voyage for the recovery of his voice. Finally, if reconstruction of the Government on any considerable scale is to come, it must come before the end of July, after which, during the life of the present Parliament, Ministerial changes cease to be immune from by-elections. That does not leave much time for the accommodation of points of view.

If personal feeling has retarded the reconciliation of Conservatives, it has made the movements for Liberal reunion almost comically ineffectual. Mr. Lloyd George has come out definitely for reunion, and each successive speech of his is a more robust declaration of Radical faith. The cry of the Liberal Party in the constituencies for reunion is frantic. The air is thick with invitations to joint lunches, joint platforms, for Mr. Asquith and Mr.

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Lloyd George. Mr. Lloyd George habitually accepts, Mr. Asquith habitually refuses them. Mr. Asquith rejects the dramatic in his view of reconciliation. He points austere to the division lobbies as the workshop in which Liberalism must be re-welded. Mr. Lloyd George does not apologise for his past. But the Old Guard of Liberals regard him and his colleagues as the ghost of Elah might have regarded the ghost of Zimri. Such sincere distrust has Mr. Lloyd George earned among them by his share in the Coalition that it is perhaps to be doubted whether the reunion of the party is practicable while Mr. Asquith retains the leadership or whether it will be accomplished in any case without the loss of some of its more advanced spirits to Labour. Mr. Lloyd George's own following has a right and a left wing, the right stressing its willingness to co-operate with Conservatism, the left laying emphasis upon the need for the re-integration of Liberalism. Mr. Winston Churchill, breaking silence for the first time since his Dundee defeat, has described the divisions of the non-socialist parties as amounting to a conspiracy to put Mr. Ramsay MacDonald in power.

The Budget

Sir Robert Horne balanced his Budget for 1922-3 at something over £910 million. His calculations included the suspension of the sinking funds and the reduction of the standard rate of income tax from 6s. to 5s. in the pound. By the end of the financial year, however, his successor was able to point to a realised surplus of £101,000,000—£97,500,000 out of economies on the expenditure side and over £3,000,000 out of excess on the revenue side. Debt redemption, for which Parliament's authority to borrow had been obtained but not exercised, accounted for a further sum of over £20,000,000, making the real surplus on the 1922-3 Budget over £126,000,000, all of which has been applied to the extinction of debt. Sir Robert Horne's plan of raiding the sinking funds was

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thus frustrated by his own timely economies and an increase in the revenue. Put another way, it can be said that the taxpayer was taxed to the extent of £126,000,000 beyond the intention of the Government last year.

In budgeting for the current year, Mr. Baldwin has counted upon a surplus sufficient to justify a further remission of income tax from 5s. to 4s. 6d. standard rate; a reduction of the corporation tax from 1s. to 6d. in the pound; a reduction of the beer duty by a penny a pint, to the cost of which the Trade is required to contribute one-sixth; the abolition of the duty on cider and reduction of the duty on table waters; and some concessions in postal and telephone tariffs. He provides for a sinking fund of £40,000,000—rising to £45,000,000 next year and £50,000,000 thereafter. On that basis he budgets for a revenue of £818,500,000 and an expenditure of £816,616,000, leaving a surplus of £1,884,000. This expenditure figure is nearly £3,000,000 in excess of the actual expenditure last year, and includes an increase of £11,000,000 in the defence estimates, but economies are promised.

Many would have liked to see a further reduction of the sugar duty. Mr. Baldwin has explained that the only effect of this at present would be to put the money in the pocket of the foreign producer. The main controversy, about a Budget which has raised little controversy altogether, concerns Mr. Baldwin's policy of debt reduction. In view of the amount of debt which has been paid off in the past four years and the particularly large sum which the taxpayer was induced unwittingly to redeem in the past year, the view of a considerable section of the business world is that for the present tax reduction should, within reason, take precedence of debt reduction. In view of the present state of trade and employment, and the restriction imposed upon industry by the maintenance of taxation on a high scale, the immediate interest of the Treasury, according to this argument, should be rather to enlarge the country's revenue capacity than to pay off its debt. On

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the other hand, Mr. Baldwin's plan is warmly approved by orthodox financial opinion, and has the general blessing of the City. It is argued in support of it that the national credit should be our first concern as international traders, and that credit would be injured by a suspension of the sinking funds; that debt repaid returns at once to industrial investment; that the interest on the debt amounts already to more than 40 per cent. and will before long constitute 50 per cent. of our annual expenditure; that unless the lines of a bold redemption policy are laid down now, as they have been by Mr. Baldwin, the debt will become unmanageable; and that the alternative to a high sinking fund will be a capital levy. Force will be given to the arguments of those who urge such a levy or inflation unless it is clear that adequate measures to reduce the debt will be systematically and regularly taken. Apart from this discussion of principle, nothing in this year's Budget calls specially for comment. Its passage, in spite of Opposition pressure for a nearer approach to the "free breakfast table," will be reasonably smooth.

A novelty in British fiscal practice is suggested in the tax on betting, into the desirability of which a Special Committee is now inquiring. Mr. Baldwin confesses himself attracted by the idea. It seems, however, to involve State recognition of the bookmaker. That prospect has already put the "Nonconformist conscience" on its guard. From other points of view doubts are expressed of its practicability under our betting conditions, and fears that gambling, "made respectable," will increase to an inexpedient degree. Estimates of the return of such a tax to the Exchequer vary enormously, and none seem trustworthy. The Committee's report is awaited with interest.

The unemployment barometer shows some improvement in trade. On April 23 the register showed 1,234,900 wholly unemployed, a decrease of 4,625 from the previous week, and of 250,978 from January 1. Several strikes, some of which are referred to in the next section of this article,

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have disturbed the industrial calm. The most serious was the Norfolk farm labourers' strike, which lasted several weeks, against a reduction of wages. The fact that both parties were equally in the grip of conditions beyond their control made it a pitiful dispute. The collapse of prices has borne heavily upon agriculture. The Government has undertaken to act upon several of the ameliorative proposals submitted by the Agricultural Tribunal which it appointed to make inquiry. The strike was brought to an end eventually by the mediation of Mr. Ramsay MacDonald. His intervention also averted at the last hour a national lock-out in the building trade, which would have been especially disastrous in view of the housing shortage, and secured reference of the issues to arbitration. This double achievement has considerably added to the prestige of the Labour leader and of his party. Trade union jealousies caused a short strike in the Rhondda Valley; the refusal of the Boilermakers to honour an agreement negotiated by the Federation of which they are part has led to their being locked out; and the competitive claims of the National Union of Railwaymen and the craft unions to "organise" the railway shopmen are complicating wage negotiations with the railway companies. The Miners' Federation, having failed to secure from the mine-owners an adjustment of conditions, will shortly consider the denouncing of the profit-sharing agreement which ended the last strike. On the other hand, under the artificial stimulus of the Ruhr occupation, the weekly coal output has risen as high as 5,800,000 tons, prices have increased, and the mine-workers will in due course reap their share of this advantage, temporary though it may be.

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II. UNEMPLOYMENT AND SOME REMEDIES

I

WHEN Mr. Snowden's motion condemning capitalism was debated, on March 21, in the House of Commons, the principal count in the indictment was "failure to provide the necessary standard of life for vast numbers of the population." Throughout the debate, indeed, Labour speakers agreed in finding the measure of the failure of individual enterprise in the unemployment figures to-day, and in interpreting that finding into a verdict for State Socialism. There is, of course, an obvious danger in this sort of reasoning. It does not follow that the failure of one system implies the success of another, and that with "public ownership and democratic control" of industry unemployment would disappear. Such reasoning ignores the disorganisation of Europe, which is the chief cause of our troubles, and which would operate at least as potently with Socialism as it does to-day with individual enterprise.

A failure in diagnosis is especially dangerous, because it nearly always leads to the selection of a wrong remedy. That in some quarters not only the cause but also the cure for unemployment is misunderstood is exemplified in two of the most recent trade disputes, those in which the building operatives and the National Union of Railwaymen are concerned.

The building dispute, submitted by the good sense of both sides to arbitration, while it has become largely a controversy over the interpretation of the National Wages and Conditions Council Agreement of 1920, arose out of the employers' demand for an extension of the hours of work and a further reduction in rates of wages. Building is not affected to quite the same extent as are other industries by the vicissitudes of trade and the stern pressure

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of competition. Man will always require a roof over his head, and modern ingenuity has not yet enabled a house in Birmingham to be built in Germany or the United States. But though neither foreign competition at home nor the necessity to compete in foreign markets can be pleaded in defence of a reduction in the wages of building operatives, it is desirable for two reasons that movements in their wages should roughly approximate to movements in the wages of other trades. In the first place, while houses are expensive sufficient houses will not be built; and in the second place, by keeping up the cost of construction the building operative (among others) is profiting at the expense of his less fortunate fellow-workers, whose wages, in many cases, have been reduced nearly to pre-war level, but whose cost of living remains considerably above it.

The dispute with the National Union of Railwaymen is somewhat similar in character. The wages of men working in railway shops are not regulated on a sliding scale basis, as are those of men working actually on railways. Consequently every alteration in rates must be negotiated on its merits. The companies are now demanding and the Union is refusing the withdrawal of 6s. 6d. of the war bonus. Here again there appears to be some justification for the employers' action. It is anomalous that the wages of men in railway shops should be greatly in excess of those of men doing the same work in contract shops, merely because the latter are subject to keen competition and the former are not. Yet while all agree that lower railway rates will greatly assist a revival of industry and a consequent increase in employment, rates cannot well be lowered unless working expenses are reduced.

The truth is that wages in what may be termed necessary trades of a less competitive kind have not come down to anything like the same extent as in industries which are exposed to the full blast of competition. In some of these only a nucleus of workpeople is being employed to-day, and to these what is barely a living wage is being paid;

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this is largely due to the fact that in other industries wages are disproportionately high, and the cost of production throughout the country is in consequence being kept up. It is, of course, both unpleasant and undesirable to reduce wages; but reductions must be made if they are a necessary condition of trade revival. That vast bodies of workpeople during the last twelve months have submitted without a stoppage to drastic "cuts" in their rates is a remarkable tribute to their good sense, and is one of the most hopeful signs in industry to-day. It would perhaps be still more remarkable were there no exceptions.

But just as it is unfair to lay the blame for the existing unemployment on individual enterprise, it would be equally unreasonable to expect to find in wage reductions a sovereign cure for our troubles. The causes of unemployment are contained primarily in the condition of Europe. In 1913 the Continental market absorbed considerably more than half the exports of the United Kingdom. How complete has been the collapse of this market is illustrated by some percentage figures recently published.* In these the value of our pre-war exports is taken as 100, and those for 1920 and 1921 are converted into 1913 values by means of the Official Wholesale Prices Index numbers, with the following result:—

Country	1913	1920	1921
Belgium.. ..	100	48	59.1
France	100	65	86.85
Italy	100	50	43.4
Holland	100	20	22.6
Sweden	100	82.35	50.4
Germany	100	54.8	44

The loss of purchasing power disclosed by these figures is the world's problem to-day. It is beyond the power of any single Government to set it right, and it is unfair to condemn any single Government for its failure to open

* *Our Unemployment Problem.* R. B. Crewdson. (The Economic Publishing Co.)

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with one key a door with many different locks. Here at least much has been attempted in order to revive demand. Export credit arrangements (such as the Ter Meulen scheme) have been tried, and grants of different kinds have been made for capital undertakings under the Unemployment (Relief Works) Act of 1920 and the Trade Facilities Act of 1921. Indeed, it is doubtful whether very much more can usefully be done in this direction, and there are certain obvious dangers in trying (to use a colloquialism) "to lift ourselves by our boot-straps."

A clear distinction, however, must be drawn between remedy and relief. The remedy, of course, lies in the revival of our old markets or the creation of new ones. But pending this consummation, it is our duty, apart from humanitarian reasons, to keep our labour resources from becoming so impaired by privation that they are unserviceable when better times come. When the provisions for relief are criticised their extent is sometimes overlooked. It is a true, if it is a poor, compliment to point out that our organisation for dealing with unemployment has never been so scientific or so comprehensive as it is to-day; and it is almost universally accepted that, so long as we have any resources at all, no man who is willing to work shall be allowed to starve.

The main burden of relief, of course, has fallen upon the Unemployment Insurance Fund, the present bankruptcy of which has led many critics to a condemnation of it both unfair and premature. The original Act of 1911 only applied to certain selected industries, and while these were increased in 1916 to cover munition workers, it was not until August, 1920, shortly before the trade depression began, that the great bulk of industrial workpeople were included in the scheme. Then came the "slump," and incoming payments dropped as steadily as the outgoings rose. In fact, the full scheme had barely been in operation a year when it was required to face a period of the most prolonged and acute unemployment within living memory.

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While the Act was based on an average unemployment figure of 4 per cent., the percentage has risen as high as 23 per cent. (June, 1921), and even in March of this year, when trade was showing signs of recovery, it still stood at 11·1 per cent.*

Moreover, the month after the Act of 1920 became law, its actuarial basis was undermined by the Unemployment Insurance (Temporary Provisions) Act, which relaxed the conditions of benefit to certain classes; while further amending Acts in 1921, 1922 and 1923 have temporarily increased the rates of benefit, extended it to dependents, and created certain special periods, not contemplated by the original measure, during which benefit is payable.

The scheme, therefore, never having been in normal operation, cannot be held to have had a fair trial. Its present bankruptcy may justly be attributed to conditions of trade so abnormal that no measure, however sound, could well be expected to survive intact, and to departures from its actuarial basis which, justified as they doubtless were, have proved fatal to its financial success.†

There is no reason why the insurance fund, if relieved of its extra-actuarial burdens, should not recover its footing; it will surely do so if a few years of comparatively good trade should follow the "slump" and enable liabilities to be repaid and fresh reserves to be accumulated.

The experience of the last two years indicates the desirability of all relief not strictly covered by insurance being undertaken by the Poor Law authorities, who have at present to bridge the gaps between the "periods" of relief. This work, it is true, would be carried out more economically if there were better co-ordination between the

* *Ministry of Labour Gazette*, April, 1923.

† For the year ending March 31, 1922, payments amounting to 67½ million pounds were made out of the Fund. Of this sum, 25½ millions represented contributions from employers and workpeople, £6,181,000 the State's contribution, 22 millions came from accumulated reserves, and 14 millions were lent by the Treasury on the security of future contributions. This last amount represents the deficit at March 31, 1922.

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different bodies, and if some uniformity of policy were observed by Boards of Guardians in different parts of the country. Possibly too much financial responsibility is at present thrown upon local authorities, with the result that in districts where unemployment is worst the burden upon the ratepayers is becoming almost insupportable, and a revival of industry in such districts is thereby impeded.

In spite of much hostile criticism, however, the arrangements for the relief of unemployment can afford to be judged by their results. That they have on the whole succeeded in their task is suggested by a private investigation, undertaken by a number of prominent men, the results of which have recently been presented to the public :*

The worst effects of trade depression, sheer physical privation and physical deterioration, seem to have been prevented in the present depression. There is much real suffering affecting classes that were less affected in pre-war depressions. That there is strain is certain, and a recovery of trade may reveal a loss of industrial quality . . . but at present the signs of demoralisation are not apparent. The great discovery that has been made is that a system of allowances by which the worst effects of distress are prevented does not necessarily involve widespread demoralisation.

II

While in some quarters there is a disposition to attribute the persistence of acute unemployment to the faults of capitalism, in others attention is turned to the possibility of finding in emigration some relief for our congested labour market.

Emigration, after all, is Nature's remedy for hard times. In the Book of Genesis we read that Abraham and Lot parted company because their establishments had become too numerous for the land, and the extent to which economic causes lie at the root of all great movements of population has been explained in a previous number of this review.†

* *The Third Winter of Unemployment*. (P. S. King and Son.)

† *THE ROUND TABLE*, No. 42, March, 1921, p. 252.

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During the ten years which preceded the war, migration from this country varied from about 250,000 to 400,000 persons a year. During the war it stopped, and with it the relief which it had afforded to our labour market. What our population lost in casualties it more than made up through the total cessation of emigration during five years; and between 1911 and 1921 there was an increase of 780,000 in our male industrial population alone. During the war the annual reinforcement of youths arriving at an employable age was easily absorbed. The greater part went at the time into the engineering and shipbuilding trades, where the demand for labour was greatest: and it is significant that during the last two years unemployment has been particularly acute in those industries. It is at least reasonable to surmise that the suspension of emigration during the war has been a contributory cause, affecting some trades more than others, of the unemployment to-day; and it is therefore relevant to examine the possibilities of expanding the outlet which emigration affords to our labour market.

These possibilities are practically confined to the United States and the British Dominions.

The manner in which, after 1890, the new immigration from the South and East of Europe began to take the place of the old stream from the British Islands, Germany and Scandinavia, into the United States, and the alarm to which the change gave rise on account of the difficulty of assimilation, have already been described in this review.* To-day the problem has become more pressing, for in Europe adversity is compelling peoples to look for an outlet. In 1922, in spite of the cost of the journey and the adverse exchange, the immigration figures for the United States rose to 805,228, and those who had come were understood to be but the advance guard of an immeasurable army which was only awaiting an opportunity to follow.

The result was the Per Centum Limit Act of May, 1921.

* THE ROUND TABLE, No. 42, March, 1921, p. 247.

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By this measure the number of aliens of any nationality who may be admitted in any fiscal year is limited to 3 per cent. of the number of foreign-born persons of such nationality who were resident in the States in 1910. Thus every nation was given a quota which it might not exceed. The Commissioner-General for Immigration attributes mainly to the establishment of this quota the fall in the number of immigrants from 805,228 in 1921 to 309,556 in 1922.

While, however, the Per Centum Limit Act has undoubtedly diminished the volume of immigration, it has not, in the opinion of a great many people, diminished it sufficiently, nor does it ensure a satisfactory type of immigrant. On the one hand, Labour inquired with some reason why, at a time when unemployment was particularly bad in the States, immigration on a large scale should be permitted at all. And, on the other hand, it was found that while the United Kingdom and Germany only utilised 55 per cent. and 28 per cent. respectively of their quotas, nearly all the southern and south-eastern countries of Europe had exhausted theirs before the end of the year. A proposal, therefore, is now before Congress to amend the Act, to fix the percentage admissible at 2 per cent. instead of 3 per cent., and to take 1890 instead of 1910 as the test year. Such an alteration, while reducing all the quotas, would, of course, especially affect central and south-eastern Europe, since by 1890 the real invasion from those parts had not begun. It appears doubtful, however, whether in view of the recovery of trade in the States, the disappearance of unemployment and the revived demand for labour, this amendment will ever become law. But at least it is a significant sign of the times.

Assuming that the figure remains at 3 per cent. and the year at 1910, the United Kingdom will have the right to a human export of 77,342 in any one year. When it is remembered that the number of unemployed at the end of March was 1,184,400, the possible relief from this

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source is not impressive. It is something, but it is not much.

Apart, however, from the quota restriction, there is another obstacle to emigration from this country to the States. If their political need is for the Northern European, their economic need is for the cheap, unskilled labour of the Centre and South. Such work, moreover, long ago became the monopoly of the "new immigrant," and it is doubtful whether the Anglo-Saxon immigrant would do it.*

III

There remain the Dominions. From their point of view the urgent problem is population. They have always maintained, and it is impossible to challenge either the wisdom or fairness of their claim, that each Dominion has the right to settle the future composition of its people, to admit or to reject whom it pleases, and when it pleases. In Australia and New Zealand, at any rate, this claim is the most important fact in political life, and commands a unity of opinion displayed on no other issue. It is as inaccurate as it is insulting to describe such a policy as proceeding purely from racial prejudice. On the contrary, it is rooted in a wise instinct that only by controlling immigration with the utmost care can the character of their polity be maintained. Cheap, unskilled labour, whether native or foreign, Asiatic or European, produces problems with which the United States and South Africa are only too familiar, and which Canada and Australasia are determined to avoid. They cannot afford an inrush of settlers too numerous to be absorbed and too backward to be educated. And in taking this stand they are justified; for while perhaps it would be going too far to predict that the higher culture would be swallowed up by the lower, it is certain that the general standard of living would deteriorate, that the less skilled tasks of labour would cease to be per-

* THE ROUND TABLE, No. 42, March, 1921, p. 257.

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formed by the Anglo-Saxon, that the level of political intelligence would be lowered, and that the democratic ideals to which the Dominions are committed would become tainted by race distinctions.

When the experience of the United States is recalled it is easy to sympathise with the resolution of the Dominions not to allow their slenderer numbers to be exposed to these perils.

Besides stating their position, however, they are facing the other side of the question. The empty places of the world, the greater part of which are contained in the British Commonwealth, have never borne so high a value as they do to-day. So long as they lie undeveloped, and even unoccupied, the world must regard us as absentee landlords, owners of a property which for many years to come we shall be unable to use ourselves, and to which at the same time we are chary of admitting others. Before the war the Dominions realised that if they were going to make good their claim to their own undeveloped territories they must find a population for them; and as their own natural rate of increase is insufficient for this purpose, the conviction is growing that only by the adoption of a systematic policy of Empire settlement can the future of their communities be protected.

The Empire Settlement Act of 1922 is the attempt on the part of the Home Government to meet this conviction. This Act empowers the Secretary of State for the Colonies to co-operate with Dominion or State Governments in schemes for assisting "suitable persons in the United Kingdom who intend to settle in any part of His Majesty's Oversea Dominions." Such schemes may be either development or land settlement schemes, or may take the form of advancing the cost of passages or of training either in this country or in a Dominion. The British Treasury's contribution must not exceed half the total cost of any scheme, and the amount available was limited to £1,500,000 in 1922 and £3,000,000 in any subsequent year.

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This Act is of great importance ; it marks the beginning of a scientific policy of Empire Settlement, and it should at least assure that the majority of suitable settlers leaving these shores will stay within the boundaries of the Commonwealth.

The important word, of course, is "suitable." The Dominions are the sole judges of the suitability of an immigrant, and it is only necessary to examine a few of the schemes already initiated in order to discern their interpretation.

Shortly after the Act became law Passage Agreements were completed with the Commonwealth of Australia and the Government of New Zealand. These were designed to assist the passage of suitable persons (men, women and children) ; and the Commonwealth Government has since made it clear that in their view "suitable" adults are women or men between the ages of eighteen and thirty-five who are ready to work on the land.

Agreements are also in operation with the Province of Ontario for the assisted migration of 2,000 single men for farm work and 2,000 single women for domestic service ; with West Australia for the settlement within a period of three years of 75,000 emigrants from the United Kingdom on the land ; and with Victoria for the ultimate settlement of 10,000 persons on farms.

There are several other similar arrangements, either in negotiation or completed early this year, some of them taking the form of assisting organisations like the Salvation Army or the Child Emigration Society to train boys and girls for farm life.

Of still greater importance is the Canadian Government's projected scheme. Six hundred thousand dollars has been set aside in the Canadian estimates ; it is proposed to allot one-third of this sum for the emigration of children by approved societies or organisations, one-third for assisting the passages of domestic servants, and one-third for assisting the passages of dependents of British settlers already in Canada.

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The terms of these arrangements make perfectly clear the kind of immigrant the Dominions can take, and the way in which they wish him to come. They do not want, and cannot take, large numbers of our industrial unemployed. To find for such men the kind of work to which they are accustomed would be nearly as difficult in the Dominions as it is in this country, and though townsmen have surprisingly often "made good" on the land in the Dominions, the number of factory workers over a certain age who could be turned into satisfactory farmers must be limited.

Settlement must in any case be gradual and carefully regulated, so that settlers do not arrive in numbers beyond the Dominions' powers of absorption.

IV

There is clearly a limit to the extent to which our labour market may be relieved and our unemployment figures lowered by emigration. We have seen that the number of emigrants from this country to the United States in any year is at present fixed by quota, and that for those who go there is the racial objection to their undertaking unskilled work. We have also seen that emigration to the Dominions is largely confined to certain specified classes not covered by our industrial unemployed, and that while such emigration will exercise a useful check on population in the future, it is unlikely to afford much immediate relief. The able-bodied artisan, of course, is going, and in small numbers will continue to go ; by his departure he either acquits his country of the task of maintaining him, or else vacates a job which can presumably be filled by another man hitherto unemployed. To this extent he ceases to be a liability and becomes an asset, since he becomes a producer whereas before he was either a consumer only or was doing work for lack of which some one else was a consumer only.

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But while the openings for such men are very limited, there is another aspect of Empire Settlement which has an important bearing on unemployment.

It may be assumed that a considerable period must elapse before Europe can regain her former purchasing power, and that, until she does, a great portion of our pre-war trade with the Continent must be written off. But if our old customers are lost to us, certainly for many years, possibly for ever, new customers must be found to take their place. The following figures, taken from the 1922 Report of the Overseas Settlement Committee, point to where such a substitute may most profitably be sought and will most probably be found :—

Country	White population	Exports of United Kingdom			
		Total value	Value per head of white population		
		£	£	s.	d.
Australia ..	5,436,794	45,636,741	8	7	1
Canada ..	8,943,340	19,458,990	2	3	6
Newfoundland	263,683	330,660	1	5	1
New Zealand	1,239,980	14,889,289	12	0	2
Total	15,883,797	80,315,680			
United States	94,820,915	43,988,648	0	9	3
Europe ..	426,900,000	217,828,242	0	10	2
France ..	39,209,766	44,259,945	1	2	7

These figures not only show the present, but indicate the potential, value of the Dominion markets. Obviously, as the population overseas increases, and as, concurrently with that increase, new industries arise and old industries are expanded, the value per head of purchases from the United Kingdom will diminish. Provided, however, that the standard of British workmanship is maintained, there is no reason why the Dominions should not continue to draw, as they do to-day, the bulk of their imports from within the Commonwealth.

To sum up, emigration is likely to prove more effective

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as a preventive of future than as a relief for present unemployment. In particular, a sound policy of Empire Settlement will bring certain solid advantages: to the Dominions a population of the kind they require, arriving at such times and in such ways as are best suited to their needs; to the United Kingdom a relief to its congested areas at home and the building up of new and valuable markets overseas; and to the Commonwealth a better proportioned distribution of its peoples over its territories.

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I. CURRENT POLITICS

ALTHOUGH the second session of the fourteenth Parliament of Canada has run more than half its normal course, the record of legislative or other accomplishment is to date very meagre. No measure of first rate importance has become law and the chief legislative enterprises of the session, the Redistribution Bill and the revised Bank Act, are still in the early stages of examination by special committees. There have also been introduced an anti-Combines Act, a pet project of the Prime Minister, and a small contingent of amending measures designed to improve the working of existing statutes. There have been no spectacular debates and no serious crises threatening the life of the Government, and although the duel between the Prime Minister and Mr. Arthur Meighen which has now enlivened four sessions was renewed at intervals, the temper of the duellists has been markedly milder. The general impression of observers has been that the *de facto* leader of the Government is the Finance Minister, Mr. Fielding. His long experience and keen eye for political strategy have made him an indispensable asset to a Ministry which has had an uncanny faculty for courting embarrassments, and the process of extrication has been generally committed to his skilful hands.

The session so far has been remarkable for the paucity of divisions and has been mainly consumed in academic debates on private members' resolutions and in the

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dissection of estimates. The real controversies will not emerge until four special committees bring their reports to the House. Two of these have been charged with the shaping of a Redistribution Bill and the new Bank Act, another is investigating the working of the Civil Service Reform Acts, and a fourth is conducting an exhaustive inquiry into the grievances and problems of agriculture. The Redistribution Bill will register a further stage in the shift in political power from the East to the West which has been in progress since the century began; the number of members in the Commons will be increased from 235 to 245, and while the eastern provinces will lose two seats, the West will gain twelve. The Progressive party will profit by the increment in western seats, but their gains will be counterbalanced by new urban seats in Ontario and Quebec, the creation of which at the expense of rural constituencies is forced by the growth of Toronto and Montreal.

The Canadian Bank Act is subject to revision every ten years, and a bill embodying the main features of the old Act and a number of amendments was introduced and turned over to the mercies of the Banking and Commerce Committee. This Committee only began after the Easter recess to address itself seriously to its task, and the backward condition of its work may either prolong the session till July or induce the Government to delay the actual legislation for a year and offer the banks a temporary renewal of their charters. The Special Committee on Agricultural Conditions has unearthed a mass of interesting data about the country's agricultural and commercial life. It has revealed the disturbing fact that certain interests which have achieved control of strategic positions commanding the channels of marketing and distribution are in a position to reap inordinate profits at the expense both of the producer and consumer. There was little surprise at the revelation that freight rates on the North Atlantic are rigidly controlled by an omnipotent shipping combination,

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but it was a severe shock to the Canadian public to discover that their state-owned mercantile marine, instead of being used to checkmate the "Combine's" operations, was participating in its schemes. When it has been proved that Canadian ships are actually carrying from Canadian to British ports flour ground in American mills at a cheaper rate than Canadian flour, the time has obviously arrived for the different British Governments to give to the problem of shipping monopolies and combines and their effects upon inter-Imperial trade very serious consideration.

The Committee which is investigating the Civil Service system is the fruit of a movement of a retrograde character which should have been checked at an early stage. For forty years after confederation the patronage or "spoils" system was a staple ingredient of the national life. At its inception, as in the United States, it was hailed as a great democratic reform destined to save the country from the curse of a permanent bureaucracy. In the pioneer days it acted as a centripetal force by bringing the leaders of isolated communities into contact with the central Government and training them in administrative work; but it generated political corruption and bitterness, strengthened the power of the party "machines," and as the activities of the State began to expand proved incompatible with the administrative efficiency which the electorate demanded of their Governments. The Laurier Government began the process of reform in 1908 by the establishment of the Civil Service Commission, which was given control of the departments at Ottawa, and the idealist temper of the war years forced the Coalition Government of Sir Robert Borden to complete the work in 1918 and 1919, by bringing what is known as the outside service under the jurisdiction of the Commission. It would be idle to pretend that the party zealots of either stripe liked the change; they grumbled bitterly and predicted a variety of evils and disasters. It happened, however, that the Liberals had been the last victims of the patronage system; after the

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1911 election thousands of civil servants who had been found guilty of Liberal politics had been ruthlessly dismissed from their posts. In Quebec and the Maritime Provinces, where the purge had been particularly drastic and the desire for revenge had burnt deep in many bosoms, Liberal candidates in 1921 had blithely assured the electors that the abolition of patronage had only been one of the many monstrous follies of the Coalition Government, and that the fine old system of "spoils to the victors" would be restored as soon as a sane and intelligent Liberal administration was seated in power at Ottawa. But after this day dawned, the passing months brought no sign of the great restoration which would open the doors to the faithful. Angry deputations descended upon Ottawa, and Liberal members became afraid to visit their homes. When they explained that the Civil Service Reform Act barred any rewards for faithful partisanship, they were bidden to destroy the hated thing. Driven to despair they applied pressure upon the Government and the latter, in face of the opposition of most of the Conservatives and Progressives, secured authority for a parliamentary committee which was charged with the duty of examining the workings of the Civil Service Reform measures and the Civil Service Commission and suggesting improvements. The champions of patronage on the Committee have striven valiantly to reap the full fruits of their attack upon the new system, but happily the preponderance of the evidence given has been strongly commendatory of the reforms and hostile to the revival of patronage.

The longest and most important debate of the session concerned immigration, and upon this a wide diversity of opinion was revealed. The Government are prepared to embark upon a more vigorous policy and have increased their appropriations for propaganda and foreign agencies. Special efforts will be made to attract immigrants from Britain, where the co-operation of the Overseas Settlement Board has been secured, and from the Scandinavian

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countries ; the restrictions against the nationals of " enemy " countries have been removed. Prominent Liberal members, however, derided the Government's plan as utterly inadequate and calculated to secure only hundreds where thousands were needed. They argued that, with a debt steadily mounting and an enormous burden of overhead charges, the only hope of economic salvation for Canada lay in a rapid increase of population. Therefore, a more comprehensive policy ought to be pursued. On the other hand, a number of Western Progressives took an exactly opposite view, and contended that until agricultural conditions were improved it was criminal folly to spend public money in adding to the number of unfortunates who were now struggling to wrest a bare living from Canadian farms ; the first business of the Government in their view was to ensure a reasonable livelihood for farmers already on the land, and to check the southward exodus which was assuming such dangerous proportions. Mr. Forke, the Progressive leader, and other Western members, while admitting the need for remedial measures, reprobated such jeremiads and supported increased activity in immigration work on the ground that more population was urgently needed to fill up the vacant gaps in the West and make profitable use of institutions and physical machinery planned on too large a scale for the present population. But the two Labourites and several French-Canadians who represent urban constituencies protested against swamping the domestic labour market with a sudden flood of immigrants. It is also significant that the French-Canadian Press has shown itself singularly cold to all immigration schemes. However the money was duly voted and the Immigration Department reports a welcome increase in the number of immigrants now seeking entrance to Canada. At certain stages of the debate the real subject of discussion was the emigration problem, and some disturbing information was disclosed about the extent of the exodus to the United States, an exodus which is not

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confined to the West. It is not a new phenomenon in Canadian history, but it has lately been accentuated by the industrial and building boom which is gladdening American hearts and by the operation of the quota system established under the Dillingham law. This measure, while restricting the flow of European immigration, is inapplicable to Canada and has been draining her of hundreds of her best artisans. The exodus is viewed with general dismay ; but it will only be checked by the cessation of the boom in the United States and by the revival of agricultural prosperity in Canada. One of its results will be a scarcity of many kinds of labour in Canada this summer, and as a consequence more abundant openings for British workers who decide to emigrate here.

The estimates of the External Affairs Department and the discussion of the agenda of the approaching Imperial Conferences may provide opportunities for some exploration of the internal relations of the Commonwealth. So far this question has only been cursorily touched upon this session. Major C. G. Power, an Irish Catholic who served with distinction in the war and now represents Quebec South in the Liberal interest, raised the issue of Canada's attitude to the responsibilities involved in partnership in the British Commonwealth with a resolution which asked the House of Commons to declare :

That save in case of actual invasion the Dominion of Canada shall not be committed to participation in any war without the consent of the Parliament of Canada.

Unfortunately this motion was only reached late on the evening of the last day available for private members' resolutions. After Major Power had unburdened himself of his opinions in a long speech which bore evidence of a careful study of the literary output of Mr. J. S. Ewart, and after Mr. D'Anjou, the member for Rimouski, who holds extreme nationalist views, had re-echoed his sentiments in French, the debate was adjourned. Mr. Meighen, who

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was ready to speak, protested strongly against tactics which allowed only the presentation of one side of the case, but the Government had developed an aversion to the prolongation of the debate.

Major Power defended the attitude of the King Government during the Near Eastern Crisis of September, 1922, and contended that it was in complete consonance with the policies adopted by a long line of Canadian statesmen from Macdonald onwards. He demolished to his own satisfaction the moral, sentimental, and constitutional arguments in favour of Canada's automatic responsibility for British wars and repudiated the idea that Canada's mother-land was Great Britain, allocating that honour to France. Inevitably such provocative sentiments elicited severe strictures in the Conservative Press and failed to enlist much enthusiasm in the Progressive party. It happens that a considerable contingent of the Progressives are British-born, and the saw "*nemo potuit exuere patriam*" has not lost its force. They are not blind to some of their native land's defects, but they retain deep sympathies for it and are not prepared to hear it criticised in a spirit of selfish particularism. Other Progressive members, however, are deeply imbued with nationalist doctrines and strongly support the campaign which the *Manitoba Free Press* and Sir Clifford Sifton continue to conduct with great ability and vigour for the further relaxation of the existing bonds of partnership. Major Power predicted that the time was fast approaching when "every citizen of Canada will have to decide whether he is a Canadian or a Britisher first." If, when that issue emerges, the Progressive party is still in existence, it will face a hopeless internal cleavage.

Meanwhile, a process of erosion in the personnel of the Ministry has begun. Politicians soon cease to be enamoured of the practice of politics when it fails to provide them with an opportunity for the smooth and successful exercise of power; and since they came back, the Liberals have enjoyed

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all the responsibilities of office without many of its chief compensations. The older leaders, recalling the spacious days of the Laurier Government, are mournfully conscious that their party has in the last year cut a sorry figure. In Canada there is no lack of sheltered havens for jaded and disillusioned politicians. Mr. D. D. McKenzie, the Solicitor-General, has withdrawn to the Supreme Court of Nova Scotia; there is an expectation that Dr. H. S. Beland will elect to fill a vacancy in Quebec's Senatorial quota. Mr. Fielding is ready to retire as soon as he accomplishes the passage of the Budget and the revision of the Bank Act; and Sir Lomer Gouin and Mr. Graham, the Minister of Defence, may accompany him. Accordingly, the general forecast is that Mr. Mackenzie King must attempt a drastic reorganisation of his Cabinet, either before he proceeds to the Imperial Conference, or immediately after his return. Meanwhile he has strengthened its debating power by the inclusion of Mr. E. M. Macdonald, of Nova Scotia, who will sit without portfolio. Mr. Macdonald, a veteran politician, belongs to the right wing of the Liberal party, and his promotion is taken to mark a decision of the Prime Minister to renounce all hopes of alliance with the Progressives. His difficulties have also been recently accentuated by one of those curious feuds which by their recurrence refute the common belief that the Roman Catholic Church in Canada enjoys a homogeneous solidarity unknown to the Protestant creeds. The office of Deputy Postmaster-General is vacant, and Mr. Charles Murphy, the able Irish Catholic who is Postmaster-General, has aroused the deep resentment of the French-Canadians by refusing to appoint to it a former secretary of Sir Wilfrid Laurier, and publishing his reasons for the decision.

Mr. King's critics have with some justice attacked him for lack of enterprise, imagination and leadership in his administration of the national business. The fact is, while Mr. King uses at times the vocabulary of his grandsire who was an active revolutionary, he is in practice the possessor of

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a conciliatory temper. He had, his critics suggest, assigned for himself the destiny of healing the divisions of a distracted country by an oratorical drenching with the spirit of peace, goodwill and toleration. When an old friend once complained to Laurier that no political education in Liberal ideas was being conducted, and that a dose of radical propaganda was necessary to stave off a Conservative reaction, the Liberal leader replied :

Go out and start it and you will have my blessing. But it is not my job. I am a conciliator. My work is to keep the two races together and permit their co-operation in the material development which must be the foundation of a decent culture and social civilisation. I cannot combine this rôle with that of a radical reformer.

But Laurier lived and ruled in an epoch when Canada was enjoying overflowing prosperity, and it has been Mr. King's fortune to come to power in different times. He faces abnormal post-war economic conditions and a people weighed down with heavy burdens and anxious about their future. They are obviously not to be satisfied with rhetorical lubrication, but are craving for definite remedies for certain ills which they think are capable of domestic cure.

The Liberal platform of 1919, designed to stave off the advent of a new insurgent party in the West, is of a decidedly radical character, and during his election campaign Mr. King scattered promises of reform with a very lavish hand. He pledged himself to economise, to reduce taxation, to cut down the tariff, to give a cash bonus to the veterans, to introduce a variety of social reforms, and to dissolve an unholy combination of political autocracy and industrial plutocracy which was afflicting the country with its despotism. The golden age of Laurier was to return as soon as the Liberals regained power. What Mr. King might have done if the West had put trust in his promise and sent him a strong contingent of supporters of a radical cast of mind, who would have given him a clear majority, is a subject for speculation ; but he found himself back at

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Ottawa without a clear majority, and with a body of followers mainly drawn from the most conservative region of Canada. The right wing of the Liberal party completely dominated the situation, and the frank repudiation of many items of the 1919 platform made by many Liberal leaders in Quebec during the campaign soon became a settled fact. The great majority of the Progressives are completely disillusioned about the quality of the Government's Liberalism and prospects of any alliance or even co-operation between the two parties have vanished. Mr. King could only have won them by courageous leadership, and by taking great risks with his own career. But he was not cast for any aggressive or heroic part, and by preferring a rôle of negation he finds himself stranded with a reactionary party and bereft of the confidence of the sincerely Liberal forces of Canada.

Since the year began the Government has tested its fate at two by-elections, and from the result of neither can a grain of comfort be obtained. Its majority in North Essex (Ont.), a traditionally Liberal seat, was cut down from 7,195 to 1,087, and it failed by 1,500-odd votes to capture from the Progressives the Moose Jaw division of Saskatchewan, where, with an experienced candidate and electorate fifty per cent. urban, its chances were reckoned good. The result in Moose Jaw spells an end of all hopes of Liberal revival in the Western provinces, and one significant feature of the contest was a working alliance which developed between the Progressives and the Conservatives for the occasion.

The Conservative party has not yet recovered from the overwhelming disaster which befell it in 1921 ; but it derived some comforting encouragement from substantial gains in a recent provincial election in Quebec, and hopes to recapture the government of Ontario, where internal dissensions among Mr. Drury's followers have forced an appeal to the country. At least four, and possibly five, groups will have candidates in the field, and the Conservatives expect to wrest a majority out of the confusion. In

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federal politics their chief asset is their leader, Mr. Meighen, whose supremacy in Parliament is unchallenged. His courage, his skill as a debater, and his thorough grasp of the practical problems which are the staple of Dominion politics, win for him a personal admiration from many Canadians who are not prepared to extend it to his party. He has probably passed the nadir of his fortunes, but before he can hope for office he must either win the forgiveness of Quebec or capture the affections of the West. Mr. Meighen gives evidence of a decided bent in the latter direction, but powerful influences in his party are convinced that the natural Conservatism of Quebec must sooner or later be enlisted to defend the cause of fiscal stability from the onslaught of the West. The real hope of the Conservative party is that the forthcoming Imperial Conference will provide them with an issue for the reconstruction of their fortunes.

The Progressive party acquired last autumn a new leader in Mr. Robert Forke, a Scot who has farmed for forty years in Manitoba. Entering politics in 1921 at the age of 62, Mr. Forke lacks the background and training which make for real political success, but he is shrewd and honest minded and has sailed the Progressive bark on an even keel. Yet his party at Ottawa, its critics say, bids fair to suffer the fate of Hannibal's army in Capua. Most of them are hard-working farmers, who but for their election would have spent the last three months in performing the ordinary round of farming tasks and facing the grim blasts of the rural winter. It is said that the abundant comforts of Parliament Hill at Ottawa, where members enjoy conveniences and luxuries unknown to the denizens of Westminster, have bred in many Progressives an indifference which has impaired their efficiency; that they avoid the Parliamentary Library; that they will not study bluebooks, Hansards, and reports; that they will not qualify themselves to be efficient parliamentarians and good public servants; that they think it enough to act as office boys for their con-

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stituents and be free to enjoy what is for many of them a sybaritic existence; that the day of reckoning with irate electors will come, but in the meantime the party morale is suffering, and only resolute leadership can repair it. The controversy about "broadening out" which was described in the December number of *THE ROUND TABLE** still persists, and has been the main factor in forcing Mr. Drury to dissolve the Ontario House. He has announced that he is prepared to co-operate with other groups, but the *Farmer's Sun*, the organ of the strict sect of simon-pure agrarians, advises the farmers only to support candidates who will abjure all contact with the hosts of Midian as represented by the old parties. At its annual meeting held this month, the Canadian Council of Agriculture took the significant step of announcing that it would withdraw from active politics and would henceforth confine its activities to educational work and the investigation of economic and social problems. The suspicion prevails that Mr. H. W. Wood, of Alberta, and other agrarian leaders, have noted the unfavourable comparison between the record of the Progressive party at Ottawa and the abundant accomplishments of the farm *bloc* at Washington, and are planning a change of tactics which may in due course produce in Canada a replica of the successful political experiment of the American farmers.

The sum of the existing situation in Canada is that political conditions are still distressingly unsatisfactory for all parties. For the leaders scanning the electoral horizon there is the same complete lack of visibility which Mr. Austen Chamberlain lately noted as a new feature of British politics. The voter is alarmingly independent and, although deeply interested in all public questions and thirsty for information, he is profoundly distrustful and suspicious. The party lines are shadowy and uncertain, and as a corollary the party chieftains are confused and hesitant.

* *THE ROUND TABLE*, No. 49, December 1922, p. 172.

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The underlying fundamental vice of Canadian politics to-day is that the game is played at a level markedly below the intelligence and public spirit of the main body of the electorate. The problems now confronting the Canadian people and their leaders are highly complicated, but none of them are comparable in difficulty to the problems which Britain faces in the European imbroglio and her tribes of unemployed, and the solution of the majority is largely a matter of careful planning and efficient administration. What is lacking is not intellectual capacity to devise the solutions or political ability to carry them out, but a deplorable want of faith in the willingness of the electorate to support bold and imaginative courses of action. If Canada could secure a Government which brought vigour and imagination to play upon the national problems, many of the issues which now seem complex would grow simple and more than half her troubles would vanish. Since the war ended Canada has been beseeching her political leaders for bread, but she has been proffered little else but stones.

II. THE HALIBUT TREATY AND THE COMMONWEALTH

BASING the draft upon the report of an International Fisheries Commission appointed in 1917, in 1919 the Canadian Government, through His Majesty's ambassador at Washington, submitted to the United States Government a draft convention for the settlement of a number of fishery matters outstanding between the two countries. The negotiations hung fire until 1922, when, as there appeared to be no likelihood of the early conclusion of so wide a convention, the Canadian Government inquired through the same channel whether the United States Government would be prepared to conclude at an early date a convention limited to one of these matters, the preservation of the halibut fishery of the Northern Pacific ocean. The result of this inquiry was that in December last the

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United States Government advised the ambassador of its willingness to conclude such a convention "with His Majesty's Government," submitted a draft entitled, "Convention between the United States of America and Great Britain concerning halibut fishery," and expressed a desire to be informed of the views "of the British and Canadian Governments." Thereupon followed the correspondence which has been laid before the Canadian House of Commons and discussed throughout the Commonwealth. It may be well to summarise it here.

The Canadian Government advised the ambassador (January 16) that they desired the substitution of the words "The Dominion of Canada" for the words "Great Britain" in the title of the convention. When similarly informing the Secretary of State for the Colonies (January 16), they added: "To enable him to sign the treaty, so amended, on behalf of the Dominion at an early date the [Canadian] Government request that the Secretary of State for Foreign Affairs be informed that it is their desire that the necessary full powers be given to the Honourable Ernest Lapointe, K.C., B.A., LL.B. [Canadian] Minister of Marine and Fisheries." The ambassador replied (February 12): "Having regard to the fact that the treaty as signed will bear no title, its object being plainly expressed in the preamble of the document, I have, under instructions from His Majesty's Government, omitted from my note to Mr. Hughes . . . the substitution in the title." He also advised the Canadian Government (February 13) of his understanding that "in the signature of the treaty . . . the Canadian Minister of Marine will be with me," and (February 14) of an "inquiry made by the State Department [of the United States] whether Mr. Lapointe will sign treaty with me." The Colonial Secretary informed the Canadian Government (February 15) that full powers for the Canadian Minister (which appointed him His Majesty's plenipotentiary *simpliciter*) had been sent, and added that the Foreign Secretary suggested that the title should be:

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"Convention for the regulation of halibut fisheries on the Pacific coast of Canada and the United States"; to this the reply was sent (February 17) that the "modifications suggested [were] concurred in by the Canadian Government." The Canadian Government then (February 17) requested the ambassador to advise the State Department that "Mr. Lapointe will sign this treaty," and informed him (February 21) of their opinion "that, as respects Canada, signature of the treaty by Mr. Lapointe alone will be sufficient, and that it will not be necessary for you to sign as well"; to which the ambassador replied (February 23): "I have been instructed by His Majesty's Government to sign treaty in association with Mr. Lapointe." The Congressional session constitutionally ends on March 4, and the ambassador informed the Canadian Government (February 27) that the United States Government were "most anxious to sign. . . . March 1, in order to obtain ratification before the Senate rises"; on the same day he reported an inquiry from the State Department "whether I can sign the treaty to-morrow on behalf of Canada"; but he added: "I presume, however, it would be more satisfactory that Mr. Lapointe should sign with me." The Canadian Government then (February 28) informed both the Colonial Secretary and the ambassador that "the treaty, being one of concern solely to Canada and the United States, and not affecting, in any particular, any Imperial interest, signature on behalf of Canada by Mr. Lapointe . . . should be sufficient"; they added the statement that "evidently it has been assumed by His Majesty's Government that [the double signature] was the wish of the Canadian Government," but that as "they proceeded on [the] assumption [of the sufficiency of his signature alone] in asking for full powers for Mr. Lapointe . . . it was with some surprise that an intimation was received from Sir Auckland Geddes to the effect that he had been instructed by His Majesty's Government to sign the treaty in association with Mr. Lapointe"; and they "respectfully request that His

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Majesty's ambassador at Washington be instructed accordingly." The result was that the Colonial Secretary informed the Canadian Government (March 1) that their "wishes [were] being telegraphed to His Majesty's ambassador at Washington," and Mr. Lapointe alone signed the treaty (March 2) as His Majesty's plenipotentiary. The high contracting parties were "The United States of America," and "His Majesty the King" under his customary full style.

To complete the chronicle of events, it may be added that the convention was laid by Mr. Hughes before the President, by him transmitted to the Senate, and its ratification constitutionally advised and consented to by that body (March 4), as "a Convention between the United States and Great Britain"; and that the Senate's resolution was "subject to the understanding . . . that none of the nationals and inhabitants and vessels and boats of any other part of Great Britain shall engage in halibut fishery contrary to any of the provisions of this treaty." Mr. Hughes expressed to the ambassador (March 5) his Government's "hope that His Majesty's Government will accept the understanding"; and the ambassador, in a despatch inviting their observations, advised the Canadian Government (March 9) that as "the effect of this action on the part of the Senate is to widen the scope of the treaty so as to embrace the Empire as a whole, instead of Canada alone, to which it is understood the Dominion Government intended the treaty to refer," he had transmitted Mr. Hughes's note to the Foreign Secretary "in order to ascertain the views of His Majesty's Government in regard to this understanding."

Obviously no adequate analysis of the vital issues raised by these negotiations can be attempted in the space available here; all that can be done is to suggest one or two inferences and reflections. The terminology employed in the correspondence should be carefully examined for its implications. There seems to have been an abortive attempt by the Canadian Ministry to assert and exercise an entirely

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separate right of the Dominion of Canada to make treaties with a foreign Power. Whether the object was statesman-like, or the method candid, cannot now be discussed ; but the success of the design might have been viewed as committing not only every Canadian citizen, but all British subjects, to a political conception of the Commonwealth advocated in Canada by but a minor school of political thought. The interest of one partner of the Commonwealth in any international matter should give its views a weight commensurate with that interest ; there may even be cases in which its interest being exclusive, its views should be paramount. But this is no argument for impromptu diplomacy, as the halibut treaty shows ; and it can be ratified only on the constitutional advice of all those affected by it. The terminology of the United States authorities repudiates the conception of the Commonwealth initially propounded by the Canadian Ministry ; those with a truer and more acceptable one may be able to get it internationally understood and acknowledged.

The failure or unwillingness to recognise that the Britannic Commonwealth is *sui generis*, a unique product of historical circumstances, a political fellowship with a unique value, has resulted in much confusion. Other political societies have to suffer no such endless anatomical diagnosis and discussion as it endures. Energy which by them is concentrated on their public purposes, is dissipated by it in refuting its self-appointed physicians. While it seeks outlet for its ardent life and generous hope, some constitutional pathologist attempts to bind it to his Procrustean bed, assures himself it can rest nowhere else, and argues with it and his kind because it rejects his treatment. Because he cannot find in international law an existing category for a commonwealth of nations, he asserts its impossibility ; and fearing to invent an explanation, he falls back on an old one, because he is too vain " to venerate where he is not able presently to comprehend." Nearly a quarter of a century ago Maitland warned us that our ideas

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of Austinian sovereignty in a unicellular state were obsolete ; and while these ideas have now been discarded for the Commonwealth as a whole, some who have been their fiercest opponents seem ready to apply them to its parts—to Balkanise the Commonwealth, while pretending not to discover its head. The diversity of the nations of the Commonwealth is as impossible to evade as that of their geography or climate ; but their serviceableness to the world depends on their co-operation, and petty exacerbated nationalism is a reactionary conception. To find a method is the way of statesmanship. A Conference meets in October ; if it contrives to make its functions continuous instead of spasmodic, time will complete the task ; *que messieurs les premiers ministres commencent.*

Canada. April 20, 1923.

AUSTRALIA

I. FEDERAL POLITICS

THE General Election for the ninth Parliament of the Commonwealth, which was held on December 16 last, had most important and interesting consequences. It resulted in the defeat and downfall of one of the greatest and certainly the most picturesque of all Australia's Prime Ministers—Mr. Hughes. It resulted further in the emergence into political power, for the first time in the national government of a British Dominion, of a Country or Farmer's party.

The parallel frequently drawn between the fall of the Coalition Government led by Mr. Lloyd George and of the Nationalist Government led by Mr. Hughes is not without some justification. In both instances there was a popular revolt against the attempt of "the man who won the war" to carry on far into the peace "a one-man government" having most of the characteristics of a war government. In Australia, as in England, the change was more one of persons than of parties and policies. In the late Parliament the Nationalist Administration held a majority over the other two parties of one in the House of Representatives—38 members as against Labour's 23 and the Country party's 14. In the new Parliament the Nationalists have fallen back to 29, whilst Labour has risen to 29. The Country party remains at 14, and there are two Liberals and one Independent. Most significant of all was the fact

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that more than half the Nationalist casualties were in the Ministry itself, which lost five of its twelve members. Whilst the Nationalists lost more heavily than was expected, the gains of Labour were unexpectedly large, not merely in the House of Representatives, but also in the Senate, where Labour carried a majority of seats in five out of the six States. The Country party did not increase its numbers to the extent anticipated, but the mere maintenance of its position was sufficient to give it the balance of power. In the leadership, the policy and the outlook of this new factor in Australian politics lay the centre of interest, not only of the elections, but also of the formation of the new Government.

Where and how would the Country party throw its weight? On the answer to this question hung the fate of the Hughes Government. The Country party gave the decisive answer without hesitation. It refused to "support or co-operate with" any Government containing Mr. Hughes. Since the gulf between the policies of Labour and the Country party was too deep to be bridged by any alliance, the only alternative to a new election (which might not give any party a majority but would certainly increase the strength of Labour) was a coalition or alliance between the Nationalists and the Country party. Mr. Hughes was the chief barrier to such a solution. The objections of the Country party to him were based on three grounds. (1) The electors had passed a vote of censure on his administration. (2) His policy was objected to because of its tendency towards autocracy, its disregard of economy, and above all its predilection for State Socialism "of the fig-leaf disguised variety," to quote the phrase of Dr. Earle Page, the leader of the Country party. (3) The third ground was the personal factor. Many months before the elections Mr. Hughes had seen the Country party as the chief threat to his power, and on every possible occasion had attacked it and its leaders ruthlessly. After being pilloried for months by one who does not let his talent for vituperation

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go rusty for want of use, the Country party was not inclined to stay its hand. Through several weeks of tangled and obscure negotiations between the two parties, Mr. Hughes strove hard to maintain his power. Neither his own effort nor the support of his party—given partly out of loyalty to their leader, and partly because of resentment at the bluntness and pertinacity of the demand for his retirement—could avail against the fixed resolve of the Country party. The complete breakdown of the negotiations on February 1 was followed the next day by Mr. Hughes's dramatic resignation, and his advice to the Governor-General to send for Mr. Bruce, the Federal Treasurer. A week later Mr. Bruce announced the formation of the Bruce-Page Ministry.

No estimate of the nature and possibilities of this Ministry can be made without a clear understanding of the problems Mr. Bruce and Dr. Page had to solve. There were the difficulties inherent in the formation of any coalition—the problem of a common policy; the nature of the coalition; the strength of the respective parties in the Cabinet and their relationships in the House. Besides the ordinary difficulties of personnel—the expectations of members and the vested interests of past Ministers—there were difficulties peculiar to a federal constitution. The practice of having each State represented in the Ministry, and the traditional balance of the Ministry between the House of Representatives and the Senate, had to be considered. In solving this jig-saw puzzle it was inevitable that some individuals, some States, some sections of the respective parties, and the Senate itself, would be disappointed and dissatisfied. This indicates some of the weakness in the Ministry. It is not regarded as a particularly strong Ministry, nor even as the strongest which could have been formed under these conditions.

The most striking feature of the negotiations was the strength of will and decision of purpose shown by Dr. Earle Page; and it is generally agreed that these qualities

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have greatly strengthened the position of his party. He placed great emphasis upon the preservation of the identity of his party, believing that this was essential to the realisation of the programme of the party and especially of one of its main planks, the creation of new States. Rather than risk the absorption of his party in the larger Nationalist party he would have preferred to support a purely Nationalist Ministry of whose programme his party approved. The second alternative being ruled out by Mr. Bruce, the Country party was prepared to enter a Coalition, but only upon most stringent conditions. In the earlier stages of the negotiations they demanded a predominant voice in the Cabinet, which they considered to be necessary in order to preserve their identity. These demands were described by prominent Nationalists as "arrogant and outrageous." Rather than risk a breakdown of negotiations Dr. Earle Page was prepared in the end to accept a compromise which in fact gave equality in the Cabinet to the Country party, though nominally the Nationalists maintained a majority. To effect this compromise the members of the Cabinet were reduced from twelve to eleven, the Nationalists receiving six places to the Country party's five. But it was provided that if any matter before the Cabinet were decided on a strict party vote of six to five the decision was regarded as being in the negative. The compromise was not very favourably received by the Nationalists, the official party publication complaining that it invented a new conundrum, namely, "When is a Cabinet resolution defeated?" Answer: "When it is passed by six votes to five." It was agreed that the identity of the two parties should be preserved, each continuing to meet in a separate party room, but acting together in the House. At the opening of Parliament Mr. Bruce set a precedent by speaking for the combined parties on the floor of the House. Further, the positions of Mr. Bruce and Dr. Earle Page were made, as far as possible, equal in the Cabinet. Dr. Page is to act as deputy Prime Minister should the occasion arise; and the

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Ministry is to be known as the "Bruce-Page" Ministry. In justifying to his constituents the formation of the "composite Ministry," Dr. Earle Page claimed that he had preserved the identity of the party "so that if the policy they advocated could not be secured they would be able to pull out, just like an army corps, with their lines of communication and all their forces intact, to put their case before the public again as an independent political organisation." In view of the tendency throughout the Empire for the rise of Farmers' parties to replace the two-party system by a three-party system, the working of this novel agreement will be watched with widespread interest. It might, as Dr. Earle Page has suggested, "come to be regarded as historic."

With regard to the policy of the new Government, little that is definite can be said at this stage. The Ministry has secured the adjournment of Parliament for several months, after the short preliminary session, in order to work out its policy. Although inspired statements of policy have been made by the Press, the Prime Minister has discounted them as "unauthorised and incorrect." In his speech in the House in reply to the Labour censure motion, which was directed primarily against the failure of the Government to produce their policy immediately, the Prime Minister contented himself with indicating some of the problems which the Ministry would have to face and their general attitude towards these problems. Both Mr. Bruce and Dr. Earle Page, in speeches outside the House, have indicated the general principles upon which the Ministry is based and have set its tone. That every member of the Ministry is Australian born has possibly some small significance, since in his first public utterances as Prime Minister Mr. Bruce has emphasised that the Government stands for a vigorous national policy. "We will endeavour," he said, "to think nationally, see nationally, and act nationally."

But there are indications that the new Ministry will show a deeper insight than any previous Ministry into

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Australia's most vital problem, that of harmonising her nationhood with the two great complementary aspects of her external relations, namely, her fellowship in the British Commonwealth and her membership of the League of Nations. The League of Nations has a strong friend in Mr. Bruce, who ably represented Australia at the second meeting of the Assembly. Both Mr. Bruce and Dr. Earle Page have placed strong emphasis upon the development of the foreign policy, the defence policy and the trade relations of the British Commonwealth. In his opening speech in the House the Prime Minister placed these matters in the forefront of the Government's policy.

In view of the emphasis which he has laid upon the importance of holding an Imperial Conference at an early date to consider these questions, his statement in the House should be quoted :—

The Government believe that to-day, for the discussion of the question of an Empire naval defence scheme, consultation between the Dominions and the Motherland is essential ; and if an Imperial Conference is not summoned, Australia will press for one at the earliest possible moment, believing, as we do, that it is vital to our safety and our whole future welfare, wrapped up in the question of Empire foreign affairs. . . . We have to try to ensure that there shall be an Empire foreign policy which, if we are to be in any way responsible for it, must be one to which we agree and have assented. With full appreciation of the responsibility for what I am saying I suggest that this question to-day is not in a satisfactory position, and that, unless some better arrangements can be made, the position of an outlying Dominion like Australia will become intolerable. If we are to take any responsibility for the Empire's foreign policy, there must be a better system, so that we may be consulted and have a better opportunity to express the view of the people of this country. This is a matter that will have to be considered at the Imperial Conference.

If this strong statement is any true indication, Australia is likely to play an unusually important part at the Conference. What its policy will be the Ministry has not yet indicated. But it should be noted that Dr. Earle Page has repeatedly drawn attention to the necessity of more

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effective consultation between the Commonwealth and the British Government, and has urged that Australia should be represented in London for this purpose by a Cabinet Minister.

As regards domestic policy an important conference between the Commonwealth and the States will be held in the near future to consider, *inter alia*, the following matters: (1) the whole question of immigration; (2) the duplication of tax-collecting bodies, and the allotment of spheres of taxation as between the Commonwealth and the States; (3) amendment of the present dual control of industrial relations.

The Government is committed to an early consideration of the question of creating New States, and this will probably involve the summoning of a Constitutional Convention. Although the Ministry is in no sense a free trade Ministry, the Country party is pledged to ease the tariff somewhat in favour of the primary producer. Further, the strong anti-socialistic tendency of both sections of the "composite" Government, and their belief that trade and industry are not legitimate functions of Governments, will find vent in a rigid scrutiny of all government enterprises.

II. COMPULSORY ARBITRATION

Federal and State Jurisdiction

AMONG all the legislative experiments for which Australia is famous, none other has attracted so much attention both inside and outside Australia as legislation which has had for its object the judicial settlement of industrial disputes. All the States have elaborate machinery for this purpose. Soon after the establishment of the Commonwealth, federal machinery for dealing with what may shortly be called inter-State matters was superimposed on the State systems. All this legislation, both State and federal, has been repeatedly amended. In-

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ustrial law now constitutes a separate and most voluminous branch of legal education and practice, requiring for its application a special body of judges and experts, and to-day Australia may certainly claim the distinction of possessing the most elaborate and complicated system of industrial legislation which is possessed by any country in the world. The root of all this complication is the existence of the Commonwealth system. Before its advent most of the States had their own systems which enabled them to deal more or less effectively with industrial trouble. Some of these, for example New South Wales and South Australia, were based on the principle of litigation between opposing parties. The regulation of an industry or the settlement of a dispute was effected by a judge who took sworn evidence, heard both sides, and gave his decision in the shape of an award governing the whole or any specified part of an industry. In other States the principle was that of negotiation between the parties in committees called Wages Boards, which included representatives of employers and employees in the industry, presided over by an impartial chairman. The only class of disputes with which these State tribunals were incapable of effectively dealing were those somewhat rare disputes in industries like shipping or shearing, in which the employees in the course of their occupation moved from one State to another. Clearly no one State could deal effectively with a dispute in such an industry. To deal with this class of case a provision was inserted in the Commonwealth Constitution giving power to the Commonwealth to pass laws for the prevention and settlement of industrial disputes extending beyond the limits of any one State.

If this power had been construed, as everybody supposed it would be, as being limited to industrial disputes which could not, by reason of territorial limitations, be effectively dealt with by the States, it would have been, probably, a useful addition to the other Commonwealth powers. Unfortunately, it was not so construed. A series of High Court

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decisions have determined, in effect, that an inter-State dispute exists whenever employees in one State join with employees in the same industry in one or more other States in making a demand on their employers which is not agreed to. Under such circumstances the Commonwealth Court obtains jurisdiction. Hence employees in any State who for any reason are dissatisfied with the awards of a State tribunal, or who think they are likely to get better terms from the Federal Court, can at the expense of a little time, paper, and ink bring themselves within the jurisdiction of the Arbitration Court of the Commonwealth, and obtain an award which will be effective in all the States concerned. To do this they link themselves up in a federal organisation with employees in the same industry in another State. This, however, does not destroy the jurisdiction of the State tribunals over the same industry. So that the industries of the Commonwealth, speaking generally, may be subjected, at the will of the persons engaged in them, to the jurisdiction of two entirely independent tribunals, which may, and in fact do, work on different principles.

It is true that the Commonwealth Court has dealt with a large number of so-called inter-State disputes either by adjudication or by securing agreements between the parties. But ninety-five per cent. of these disputes would never have existed at all as inter-State disputes if it had not been for the existence of the Commonwealth Court. The questions out of which they arose could in nearly every case have been dealt with quite as effectively, and more expeditiously, by the State tribunals.

As anyone might have expected, this state of things has resulted in almost intolerable confusion, difficulty and expense for everybody concerned. Employers in remote parts of the Commonwealth, working, it may be, quite harmoniously under a State award, may find themselves called upon to answer a claim for wages or conditions of employment lodged in the Federal Court in Melbourne. If they ignore it, they risk the making of an award that may

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ruin them. If they defend themselves, they have to face very heavy legal expenses, apart from the time and trouble involved in attending themselves, or in sending witnesses to present their case. As business in the Federal Court is greatly congested, and awards may be made retrospectively from the date when the claim was lodged, they may be called upon to make good heavy arrears of wages for many months back, during which their goods have been sold at prices based on wages at the rates actually paid. Many industries find some of their employees working under federal awards, and others under those of the State tribunal.

It is not surprising that under these circumstances there should have arisen a demand in some quarters for the complete abolition of the whole system of the compulsory settlement of disputes by industrial tribunals. This demand, however, does not represent the real feeling of the people of Australia. In spite of their unfortunate experience with the duplicated machinery which has been described, they are not prepared, so far as one can judge, to scrap the whole system. One remedy lies in the direction of securing a more reasonable and workable division of power between Commonwealth and States. A strong effort is now being made by the State Governments to effect this. The proposal is that the federal jurisdiction shall be limited to certain defined industries which are essentially of a federal character, and that everything outside these shall be in the exclusive control of the States. Unfortunately, this remedy cannot be applied in a permanent form without an amendment of the federal Constitution. This is a cumbrous and difficult business, involving a referendum of the whole of the people of Australia. Another proposed remedy lies in the transfer to the Commonwealth of the whole power over industrial arbitration, making the State Courts branches of a central federal court. This is strongly objected to by the States on the ground, primarily, that it in effect involves the transfer of the whole power over industrial matters, which is not regarded as being properly

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a federal concern. This also would involve an amendment of the Constitution. But the existing state of things is intolerable; and whatever it costs in money and trouble, it must be altered. A Conference of Federal and State Governments is shortly to consider the whole matter, and it is hoped that before these pages are printed an arrangement will have been arrived at which will remove this clog on the wheels of our industries.

Another serious element of confusion has been introduced into our arbitration system by a recent decision of the High Court. For twenty years after the establishment of the Commonwealth it had been held that employees of the State Governments were exempt from the jurisdiction of its industrial tribunals. A short time ago, however, these decisions were overruled, and the exemption of what are called "State instrumentalities" from the jurisdiction of the Federal Court came to an end. Our State Governments engage, to a very considerable extent, in industrial enterprises, of which the State railways are the most important. The profits of these enterprises—where there are any—go to the Consolidated Revenue, which also has to bear any loss, so that their fortunes are a matter of the greatest moment to the State Governments and taxpayers. Under the new conditions, while the responsibility for these enterprises remains with the States, the power to determine the cost of conducting them may be placed in the hands of an authority over which the State Governments have no control whatever. Naturally, this has evoked a strong protest from the States, and an endeavour will be made at the forthcoming Conference to restore the former exemption of all State employees from the jurisdiction of the Federal Court, notwithstanding that many bodies of State employees are strongly in favour of the retention of their right to approach the Federal Court.

Perhaps the most serious aspect of the federal jurisdiction over industrial arbitration is not the confusion it has introduced into our industrial regulation. It has had

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other, and from a political point of view, far more serious consequences. It is not too much to say that it has altered the whole political history of the Commonwealth. The primary object of the people who advocated federation was to secure the establishment of political machinery to deal with problems in which the whole continent had substantially a similar interest, and which, owing to the territorial limitation of the States, could not be effectively dealt with by the individual States. These were, speaking generally, such questions as defence, external relations, Australian interests in the Pacific, customs tariffs, posts and telegraphs. There were also other matters, such as bankruptcy, company law, matrimonial law, in which uniformity of law was desirable over the whole territorial area of the Commonwealth. Industrial legislation was not considered to be one of these matters, and it was not contemplated by the framers of the Constitution that the Commonwealth should have any jurisdiction in this subject-matter beyond the very limited power to settle disputes in industries such as shipping which has already been referred to. Those were disputes which, from their intrinsic nature, could not be settled by the authority of any single State. The construction given to this power by the High Court has, however, brought practically the whole field of Australian industry within the federal scope.

In Australia, as in other countries, industrial questions have, for years past, been the most interesting, the most vital, and the most important of all political questions. The other essentially federal subjects which were enumerated—defence, external relations, etc., vitally important as they are, have nothing like the same political value to a party in search of an attractive programme. A review of the parliamentary history of the Commonwealth will show that industrial subjects have occupied far more of the attention of the Commonwealth Parliament, and of the electors, in their capacity as federal voters, than those subjects which have been described as essentially federal.

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Consequently, both politicians and electors have taken far less interest in these questions than their importance deserves. There is far less educated public opinion on them than there ought to be, and far less than there would be if the Commonwealth Parliament had devoted more attention to them and less to industrial problems which the State Parliaments were perfectly competent to deal with. The matter is fundamental. The excessive and unnecessary attention which has been given to industrial questions by the Commonwealth has diverted attention from matters with which the Commonwealth alone can deal, and which it is essential should be dealt with. At the same time it has not given any satisfactory or efficient regulation of Australian industry. A more reasonable delimitation of powers will not only be beneficial to our industries, but will help in the solution of those great problems of our relationship to the Empire and to the rest of the world which recent events have made so urgent.

III. QUEENSLAND

THERE are not wanting signs, the result of the federal elections among others, that the Labour party is losing its hold on the people of Queensland. Although the Premier, Mr. Theodore, has judged it politic to endeavour to loosen the bonds which unite its extreme sections to Bolshevism, there can be no doubt that the blood-red object-lesson of Russia is going to be a factor in the political future of Queensland, as of other English-speaking communities.

The contest is between a weakening party with a strong head, and a party, or rather two parties, so conscious of weakness in men of capacity at the head that there has been some not very seemly coquetting with Mr. Theodore to change sides and accept their leadership. The Premier has gained some immediate advantage by disclosing these negotiations, as also by the successful prosecution for attempted bribery of a political agent, who offered a consider-

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able pecuniary inducement to a member of the Labour party to vote for a censure motion which would have resulted in his party's defeat. It is unnecessary to say that so astute a politician as Mr. Theodore has made the most of the fine opportunity presented to him by the clumsiness and unscrupulousness of some of his opponents. At the same time, if we are to draw any analogy from the fate of Mr. Lloyd George in Imperial, and Mr. Hughes in federal, politics, it would seem that the strong personality with the weakening party is likely to be worsted in the struggle with the strengthening parties opposed to him. An essential step towards the result must be the union of the anti-Labour forces, the "Nationalists" and "Country" parties, and with a view to this there has been a conference at Rockhampton, and the formation of a "Queensland United" party. At the by-election that shortly succeeded the conference, the United party's representative, though he did not get elected, succeeded in considerably reducing the Labour majority. If, in the dearth of first-rate, or even respectable second-rate, capacity in the public life of the State, a leader can be found, the days of Labour rule in Queensland are drawing to an end. Meanwhile, Mr. Theodore is carrying out his programme as unconcernedly as the Spartans combed their hair before Thermopylæ. He shows no signs of contrition for the much criticised "Repudiation Act" with regard to pastoral leases, though he must realise that it was one of those blunders that are worse than crimes.* He professes not even a sentimental

* The Queensland Government, having granted pastoral leases at certain fixed rentals, subsequently altered those rentals in defiance of the agreement. It was argued that the agreement was made by a "Liberal" Government after a period of great pastoral depression, and that the rentals were thus, on the urgent application of the pastoralists, fixed at an extremely low rate; and that circumstances had so altered during the period immediately preceding the "Repudiation Act" that the lessees could well afford to pay the increased rates—much wanted by a community struggling with war debts. The writer has good authority for stating that most of the pastoralists had no objection to paying the increased rates. Though certainly "not in the bond," such an increase under the improved conditions was only a "fair thing." But they strongly resented the retrospective clauses as iniquitous.

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regret for the passing of the Upper House, and he presses on with judicial and administrative reforms with the careless energy of the strong man self-confident.*

One-Chamber Rule.

The abolition of the Upper House in 1921 brought the question of a Single-Chamber Government rather dramatically before the Queensland public. Though the abolition was at the time merely a move in the party political game, sufficient time has now elapsed to allow some historical perspective in estimating the wisdom of the course. There is no doubt that, for a population of three-quarters of a million, Queensland is ridiculously over-governed. To maintain their quota of members in both Federal Houses as well as in two legislative Chambers in Brisbane may well be considered an unnecessary burden on an already over-taxed community. But if the Second House is to be abolished, how is an effective check to be secured upon the legislative vagaries of the popular Chamber? It is unlikely that any reversion to the nominee principle for a second chamber would commend itself to the Queensland electorate, and some thoughtful observers of the situation incline to the view that an improvement in the personnel of the Assembly is the only way out of the difficulty. But this is a counsel of perfection. Its complete achievement would inaugurate an era corresponding to Aristotle's "rule of the best" and solve all political problems. Something in this direction, indeed, might be achieved by the substitution of three Provincial Assemblies for the existing central body, which meets to govern a huge territory more than 5½ times as large as the United Kingdom, from a town in the south-east corner of the State. One of the chief arguments advanced for decentralisation is that it will attract legislators of a more responsible and informed type than the

* Since this article was written a general election has been held in Queensland on May 12, with the result that the Labour Government has been returned with an increased majority.

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existing professional politician. Reform along these lines would march with the new State propaganda which is being vigorously canvassed in New South Wales under the leadership of Dr. Earle Page, who is now in a position to insist that the new Federal Government should give this matter early and full consideration. On the other hand, it must be remembered that the abolition of the Queensland Upper House was undertaken in spite of the decision of the people, in so far as that could be ascertained by a referendum taken in May, 1917, and that it was accomplished under the régime of a Lieutenant-Governor who had been a Labour Minister. It would perhaps be an overstatement to claim that the 179,000 electors who voted against the abolition would endorse Lecky's verdict that "Of all forms of government which are possible among mankind, I do not know of any which is likely to be worse than the Government of a single omnipotent democratic Chamber."* But there is undoubtedly a solid body of opinion in Queensland which is in favour of the reconstitution of the Second Chamber on lines which would make it a real safeguard against hasty and unwise legislation without imperilling the principle of popular sovereignty.

Judicial Changes.

The English world looks with suspicion on any measure that might seem calculated to impair the dignity and incorruptibility of the judicature. The old system of appointing judges for life has worked fairly well in Queensland, but of recent years it has been borne in on the public mind that advancing age may impair a man's judicial qualifications, although he may himself be insufficiently aware of this fact to prompt him to resign. This has given some excuse for Mr. Theodore's measure compelling all judges to retire at the age of seventy. If any machinery could be devised, free from politics or personal influence,

* *Democracy and Liberty*, by W. E. H. Lecky. (Longmans, Green & Co.)

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by which judges highly efficient after the prescribed period could be encouraged to remain on the bench, and others compulsorily retired even before it, that would undoubtedly be the best expedient. As things were, we were faced with the dilemma of losing some years of the ripest judgment of a few abnormal men, or of suffering from the administration of justice by others whose powers were undoubtedly failing. But if the principle of compulsory retirement is to be upheld, it cannot be divorced from some provision of a retiring allowance. This allowance might be partly the fruits of compulsory insurance during tenure of the judgeship; but it must be adequate to support the ex-judge in comfort to the end of his days. It is derogatory to the dignity of the Bench, and dangerous to its impartiality, that judges should be forced to resume their careers at the bar on the termination of their judicial office. Yet such a case has actually happened in North Queensland, where an ex-Supreme Court Judge is now pleading cases before his successor, whom as a barrister he befriended fifteen years ago.

General Outlook.

The vagaries of passing Governments, like set-backs from the droughts that are seldom absent from some part or other of the Australian continent, may retard, but cannot stop, the progress of a province with such varied natural endowments as Queensland. And in at least two departments the Theodore Administration has done good work. In opening up the Bowen coalfield the Queensland Government has tapped a vast source of future wealth, the coal being almost immeasurable in amount, and in quality the best hitherto discovered in Queensland. In pressing on with the coastal railways Mr. Theodore has acted wisely and well. By the end of the present year it is estimated that the chief centres in North Queensland will be linked to Brisbane, and it will be possible to travel by train from Cloncurry, Queensland, to the Murchison, West Australia,

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passing through Townsville, Brisbane, Sydney, Adelaide and Perth, a distance of some five thousand miles.

Except for the squatters who are revelling in the rise in the price of wool, and the wholesale merchants who made money on rising markets during the war, prosperity in Queensland is not just now widely spread. The cattle-men are dismayed to find that the war-time prices for beef are no longer procurable. The sugar industry is threatened by an agitation in the southern States for cheaper sugar. Gold-mining seems moribund: the decreasing value of gold and increased wages of miners have all but killed the chance of profits, and with it the mining speculator, the goose that laid most of the golden eggs. The copper mines are idle, or kept partly at work by State assistance, and the "fixed salary" man who cannot escape the high cost of living or pass on taxation suffers in common with his class all over the world.

Nevertheless, the spirit of hopefulness is in the air. For a pastoral selection in the Richmond district on the Cloncurry line in February there were no fewer than 1,700 applications. The outlook in tin is more promising than in the other metals, and there have been some rich yields from mines in the Ewan district. Large areas of Central Queensland have been declared by competent judges ideal land for cotton, and considerable crops are already being gathered. This is an industry that may one day rival that of wool. Dr. Cilento, the able young South Australian who has succeeded Dr. Breinl as head of the Queensland Tropical Institute, has returned from a trip to the Atherton table-land at the back of Cairns, full of enthusiasm for this magnificent district, in area as large as Tasmania, in climate delightfully cool and healthy—a thousand to four thousand feet above sea-level—with soil capable of growing all temperate and sub-tropical cereals and fruits, a district wanting only population to be one of the wealthiest farming areas in the British world.

If the Australian ideal of a "White Australia" is to be

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more than a passing dream, it is essential that the vast empty North should be filled, and no more effective step could be taken than the systematic colonisation of the Cairns "hinterland" by men of our own race. Italians are flocking to Innisfail and the other Queensland sugar centres and, owing to their proved capacity for co-operative work, Italians are well suited to this industry. But on the Atherton table-land there is room for thousands, and hundreds of thousands, of British stock who can make up their minds to a strenuous life for a few years, among rough but healthy surroundings, as the price of a happy home in a new and prosperous England over seas.

Australia. March 27, 1923.

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THE UNION AND ITS NEIGHBOURS

THE Rhodesian referendum has settled, for a period at any rate, the Union's general relations with its northern neighbour. But questions have now arisen which force us to consider afresh our relations with neighbours on either flank, with Portuguese Mozambique on the east, and with the Mandated Territory of the "Protectorate" on the west. This growing consciousness of neighbours and of the need for new adjustments to them as circumstances change is evidence not only of the growth and increasing stability of the Union, but also of its new consciousness of itself as the leading state in the sub-continent. The questions now being debated are fraught with momentous possibilities for the future of South Africa and of the Empire, and it is well that their bearings should be clearly understood from the outset.

The only mention we need make here of the case of Rhodesia is to point out that her decision not to throw in her lot with the Union is likely to have a hampering effect upon our relations and negotiations with our other neighbours, for Rhodesia also has a Portuguese frontier. Further, the fact that Rhodesia and not the Union will be in direct contact with the other European Power established in Southern Africa, Belgium, is not likely to smooth the path of our foreign policy. The same conflicts and cross-purposes over ports, railways, and customs that marked the inter-colonial life of pre-Union days may again be repeated in the relations of the Union to Rhodesia and of each to

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other Powers. However, in this matter, time and experience must do their necessary work ; we pass on to consider the more immediate issue of our relations to the " supporters " dexter and sinister of our Union shield.

I. MOZAMBIQUE

SINCE the middle 'eighties the history of the relations between Mozambique and the states and colonies of the hinterland has turned mainly on questions of railway rates and customs. After the discovery of gold on the Rand a further and most important matter for negotiation and agreement was the maintenance of that steady supply of native labour from Portuguese East Africa on which the mines depended for their working.

Before the South African War of 1899 the Netherlands Railway Company held control of the lines from the Portuguese border to the Rand and controlled communication with Delagoa Bay. It was to the interest of the Company, of the Government of the South African Republic, and of the Government of Mozambique to divert all traffic along this line and in those days, and for a considerable time after the South African War, the bulk of this traffic was import.

The securing of its sea-outlet through Delagoa Bay was a vital matter for the old South African Republic in every sense. It was vital in the economic sense as keeping open the shortest and most convenient route by which imports could come and this aspect increased in importance with the industrial development of the Rand. It became increasingly vital in the political sense also as the rivalry between England and other great Powers for the command of South African resources brought the Transvaal under ever greater and greater pressure. In such circumstances, and as friction with the British Government developed, free access to the sea by a route which touched no territory

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that belonged to Britain or to any other great Power was a life-duct that had to be secured at all costs. Moreover, railway enterprise working from the Cape Colony and Natal in the south had in view the advantages and the gains that would accrue from a share in the profits of the transit trade to the north. Hence the gravity and importance of the episode of the closing of the frontier " drifts " (or river passages) on the Vaal by the Kruger Government in the middle 'nineties. A further reason for the maintenance of close relations between the Republic and Mozambique and for the most minute and careful bargaining was the growing importance of the supply of Portuguese native labour for the Rand mines.

The conquest of the Transvaal by the British did not alter the situation so much as might have been expected, for its features were rooted in the solid economic facts of the case. The mines still needed labour and a cheap and easy communication with the nearest good harbour. Some agreement with Mozambique would still have to be maintained. But now the British were in occupation, based on the south, and for every reason it was important to develop railway communication between the Transvaal and the ports of Cape Colony and Natal. The economic necessities were, nevertheless, so overwhelmingly strong that, in order to get the mines started again, Sir Alfred Milner had to conclude a *modus vivendi* with Mozambique, which he carried through in his capacity as High Commissioner. Its main purpose was to secure labour and as the price for this customs and railway concessions had to be made and the Portuguese secured an arrangement of railway rates that guaranteed to them a certain share in the lucrative transit trade to the " competitive zone " of the Rand. The southern Cape and Natal lines got what they could in the way of rates and customs, but the existence of the *modus vivendi* as the sole means of securing an adequate labour supply for the mines continued to set a rigorous limit to southern ambitions. Indeed, as everyone knows, it

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was this situation of conflicting interests of economy, transport, and fiscal gains that did more than anything else to hurry on union.

For a long time, and even while thousands of Chinese coolies were working on the Rand mines, the great majority of the underground labour continued to come from Mozambique, and the Transvaal could make no concessions to the coast colonies which would endanger the agreement on which the maintenance of that supply depended. Even while the draft Bill for union was being debated by the Colonial Assemblies and there was grave danger of the wreck of the whole project of union on the rock of railway and Customs difficulties, the need of the Transvaal was so insistent that its Government, in order to secure its position under union, substituted for the *modus vivendi* a more formal Convention with Mozambique, which was signed by Lord Selborne as Governor of the Transvaal on April 1, 1909. This is the agreement which has now lapsed (March 31, 1923).

Two constitutional points may be noted in passing, in view of current controversies: (a) The instrument was signed by Lord Selborne, acting as Governor of the Transvaal (*not* as High Commissioner) "and as such acting for and on behalf of the Government of the Transvaal," and by an ex-Governor-General of Mozambique "acting for and on behalf of the Government of that Province." Thus the agreement was strictly local in its application and there was no formal appearance of the parent Power on either side. (b) Clause XL of the Convention explicitly undertook that, in the event of the Transvaal entering the Union, the Union Government would carry on the obligation and, by Clause 148 of the South Africa Act, this was done.

This Convention was to run from 1909 for ten years. It was then renewed from year to year until 1922. In that year, after some correspondence with the Portuguese Government about its continuance, in which the Portuguese agreed that the agreement was obsolete, the Convention

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was formally denounced by the Union Government, and the year's notice that was due under the Convention itself expired on March 31 last. Negotiations for a new agreement were opened and a Portuguese delegation came to Cape Town last year. The negotiations have since been transferred to Lisbon.

Speaking in the Legislative Assembly on February 22 of this year, General Smuts announced that though the Convention would expire on March 31 there was no hope of any definite conclusion before that date to the negotiations. Of the three parts into which the Convention fell, those dealing with native labour, railways and customs respectively, neither Government was prepared to renew the agreement in its present form so far as concerned the second and third. Hence both Governments had agreed to allow these to lapse pending a new agreement, and to continue the old agreement so far as concerned native labour, subject to six months' notice on either side.

While Parliament concurred in the general necessity of continuing the supply of native labour from Mozambique, it endorsed cordially the view expressed by the Prime Minister that this supply should be drawn upon as little as possible, and that the Union should use more and more its own natives for both the gold and the coal mines.

Recruitment of Portuguese labour was to be restricted to 50 per cent. of what it was before the Rand strike of March, 1922, so far as Government influence could determine.

The other questions of economic and political relationships with Mozambique will not be solved so easily. For the situation is altogether different from what it was in 1909. Union has come, first into existence, and now into full self-consciousness; the Great War has been fought and won; Germany has gone from our borders; a South African Government, neither Dutch nor English, is in power; and the whole question of treaty-making powers in the Dominions is being raised anew. These are the

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political facts, to which we must not omit to add the further important fact that Portugal discharged her obligations as an ally during the war.

The economic facts are no less changed and weighty. The Convention was made to meet the needs of an importing inland country. Our interest now is that of a maritime country with a large and growing export trade. What we need, therefore, are outlets, and the Convention did not view Delagoa Bay in this aspect.

The coal fields of the Eastern Transvaal contain vast quantities of high-grade coal, and the existing mines are already capable of producing an output far in excess of the demands of the internal trade: the coal mining industry in this important region is therefore dependent, both for present prosperity and future expansion, on its success in capturing a good share of the bunkering trade on the East Coast, and on building up an export trade with the Far East. The railway and port facilities which Lourenço Marques is at present able to provide are quite inadequate for the increased demands of this bunkering and export trade, and are seriously hampering its development. It has been the object of the Union Government in its negotiations with Mozambique to remedy this state of things by obtaining some effective share in the control and management of that portion of the Portuguese railway system which provides the link (58 miles in length) between the Transvaal frontier station at Komati Poort and the coast, and of the harbour at Lourenço Marques, but such a share the Portuguese Government have so far shown themselves unwilling to concede, and it is on this point that negotiations seem for the present to have reached a deadlock.

The attitude of the Union Government towards the new situation represents the general opinion of the country, and may be stated by saying that we bring to the Portuguese an offer of continued friendship in the one hand, and in the other hand the threat of a new eastern outlet port of our own if we cannot make satisfactory use of Delagoa. The

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proposal to construct a new port on the Zululand coast is not to be taken as mere bluff. The idea of an outlet for Transvaal traffic at Kosi Bay is of long standing, and this project has now been modified by the selection of a more suitable spot at Sordwana Bay, close by. If the Union Government cannot come to a mutually advantageous agreement over the use of Delagoa, the finding of a new outlet is a vital necessity for us. The project of developing Sordwana Bay is no mere bluff, still less is it a suggestion of revenge.

We may assume that there will be no renewal of the agreement to guarantee at least 50 per cent. of certain classes of all railway traffic in the Transvaal to the Delagoa route, nor of the engagement by each party to admit the 'products of the soil' of the other and certain classes of manufactures free of duty. Already the Natal sugar planters are counting their profits from a Transvaal market free from the competition of duty-free Mozambique sugar.

There may still be difficulty, but our economic position is strong enough to enable us to discount the possibility of failure. Trade must take its most natural and convenient routes, and the Union peoples, white and coloured alike, must find employment in the most convenient and natural way. There will be every disposition to make a mutually advantageous agreement with Portugal on these lines, and it is to be hoped that neither pride nor prejudice will intervene to prevent such a settlement. For we would much rather bring Mozambique into the orbit of our economic system than be forced to circumvent and isolate her.

II. SOUTH-WEST AFRICA

THE problem for the Union of establishing settled relations with neighbouring territories is complicated by the fact that no two of its neighbours are of the same political type or status. Rhodesia is a separate unit within

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the Empire, Mozambique is a dependency of a European state, and now we have to deal with an entirely novel kind of political unit in the shape of a mandated territory. In undertaking the task of governing South-West Africa under the conditions of its mandate the Union is true to its rôle as a great political laboratory. Problems are already arising in the settlement of our relations to this territory—and in particular to the Germans who still inhabit it—which may well lead to the creation of new political forms and the adoption of new political conventions.

In the South-West Protectorate we have the only instance arising out of the Peace of Versailles of a German community brought within the Empire. Any parallel that we might be tempted to draw between their position and that of Acadians or French Canadians in the nineteenth century is vitiated not only by the fact that these were peoples of non-Germanic stock, but by the further fact, more immediately important, that the status of the Protectorate is not that of an annexed territory. There is thus no parallel either with the case of the conquered and annexed Republics after the South African War. There is wide divergence of view in the Union itself on the question of the present status of the German settlers, and the future of the Protectorate will remain obscure until the initial problem of their nationality has been successfully solved.

To gain an understanding of the position it is necessary to refer to the Peace of Versailles and to the League of Nations Covenant that formed part of it. Article 119 of the Treaty surrenders Germany's rights and titles over her overseas possessions "in favour of the Principal Allied and Associated Powers." Article 122 gives to the Government exercising authority over such territories the right to make such provision as it thinks fit in regard to the repatriation of Germans and the conditions under which they may be permitted to reside, trade, hold property or exercise a profession.

The Union Government had by the end of 1919 repatri-

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ated 6,374 Germans, classified under the following heads : military, 1,619 ; officials, 1,226 ; police, 873 ; undesirables, 1,223 ; voluntary, 1,433. These figures include in each case the families resident in the territory of the persons concerned. The remaining German civil residents, numbering in all 7,855 out of a total European population of 19,432, have been permitted to remain in the territory in full enjoyment of their civil rights.

Article 22 is the "Mandate" article. In it South-West Africa is specifically mentioned as one of a type

which, owing to the sparseness of their population . . . or their geographical contiguity to the territory of the Mandatory, and other circumstances, can be best administered *under the laws of the Mandatory as integral portions of its territory*, subject to the safeguards above mentioned in the interests of the indigenous population. (Italics ours.) (The "safeguards" have reference, of course, to guardianship of native peoples.)

Article 22 further provides that the Mandatory shall render to the Council of the League of Nations an annual report of its discharge of its duty, and adds :—

The degree of authority, control or administration to be exercised by the Mandatory shall, if not previously agreed upon by the members of the League, be explicitly defined in each case by the Council.

The formal mandate, which was issued by the Council of the League of Nations on December 17, 1920, and was stated to be "conferred upon His Britannic Majesty to be exercised on his behalf by the Government of the Union of South Africa," provides by Article 2 that

the Mandatory shall have full power of administration and legislation over the territory subject to the present mandate as an integral portion of the Union of South Africa and may apply the laws of the Union of South Africa to the territory, subject to such local modifications as circumstances may require.

The Mandatory is required to "promote to the utmost

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the material and moral well-being and the social progress of the inhabitants of the territory."

It is clear that the mandate confers on the Union Government very complete authority to determine the future of the territory and its inhabitants, and that, in the remotely improbable event of South Africa relinquishing the mandate, the territory would revert not to Germany, but to the five Great Powers to whom Germany's rights and titles were surrendered by Article 119 of the Treaty. Mr. G.R. Hofmeyr, the Administrator, and General Smuts himself have both done their best to make the position clear to the German residents, and to impress upon them that any hope either of independent status or of restoration to Germany is visionary and vain. At the same time there has been no desire to emphasise their position of subjection, to "rub it in," as it were. On the contrary, both the Administrator and the Union Prime Minister have gone to lengths which threatened to compromise their dignity in their endeavours to conciliate German opinion and to convince the Germans that, as the Administrator put it, there was a place for them in the parlour of Union citizenship, and not one merely in the kitchen. Persuasions and blandishments do not appear on the surface to have had any great effect, and the temper of the majority seems to remain suspicious and unresponsive. But the proper settlement of the territory, the securing of its economic future, and the formulating of a programme for its political development all call for a speedy settlement of the vexed question of citizenship, and legislation cannot be much longer delayed. As far back as 1920 a Parliamentary Commission was appointed to recommend a course of procedure to the Union Government. An early result was the cessation of martial law on January 1, 1921, and the appointment of a small nominated Advisory Council to assist the Administrator.

In making recommendations for the future, the Commission took pains to dispel the delusion under which some

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Germans were labouring that the Protectorate was under a mandate similar to that of Iraq and other territories formerly Turkish. These, it was contemplated, would in time be able to stand alone, and the temporary Mandatory was to act with that consummation in view. The Germans of South-West Africa, as a civilised European community, were inclined to maintain that this condition also applied to them. The Commission quite conclusively proves this to be an error by quoting the condition which is printed in italics above from Article 22, and adding the reference to Article 122, which gives the Mandatory power to repatriate the Germans if it thinks fit. Clearly such a provision shows that no ultimate independence could have been contemplated. The Nationalist member of the Commission differed from his colleagues and claimed that the South-West Protectorate was entitled to self-determination. But the position he takes up is too suspiciously like the official Nationalist position in regard to the status of the Union itself to be regarded very seriously.

The question of the procedure to be followed in conferring Union citizenship on the Germans gave rise to a divergence of opinion of greater practical importance. It would puzzle an international lawyer to state what their actual present status is. The mandate saves them from the "dissolute state of masterless men," but they are, nevertheless, citizens of no country. A mild and conciliatory administration has given them far more liberty in the educational and general use of their language than was granted to the conquered Republics twenty years ago; access to financial aids such as the Land Bank; freedom of speech and movement, and generally all the privileges of civil life. But all is insecure, and the economic future of the territory especially is insecure, until the vital question of citizenship is settled. A majority of the Commission, like the present Administrator, favours an "Automatic" Law, making all Germans resident in the territory on a given date Union citizens, subject to an opportunity being given them to contract out, as it were,

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by signing within a limited period a formal declaration of unwillingness to accept such citizenship. On the other hand, one Commissioner expressed the view that the Germans should be given a perfectly free option, and proposed that the question should be dealt with by the simple process of extending the Union Naturalisation Law to the Protectorate.

No doubt the appearance of compulsion under the first method would be made the most of both by the Germans and by the Nationalist critics of the present Government in the Union. There are those who would rejoice to point the finger at Smuts the Oppressor. On the other hand, you may make it harder instead of easier for the German to do what he perhaps wishes to do if you throw the onus of choice upon him. There was a music-hall song some time ago with a refrain something like: "You made me love you; I didn't want to do it." One suspects that German psychology may be rather like that, and that the outburst with which compulsory imposition of Union citizenship might be received would be merely the growl with which the recipient dissembles his satisfaction. Certainly the pressure which may be publicly denounced as tyranny may be privately welcomed by the alleged victim as affording relief from the inconveniences of an ambiguous situation.

Whether the "Automatic" method will be applied depends very largely on whether the present Union Government feels strong enough to resist the charge of high-handed action that would inevitably be made against it. That is uncertain. But the settlement of the question of nationality cannot be delayed much longer. Immigrants are coming into the territory. With Government help farms and ranches are being developed and the supreme problem of water supply is being tackled. Walfisch Bay Harbour is being equipped for meat export and large cold storage accommodation is being erected there. Capital is badly needed and political settlement will help its arrival. English and Dutch residents are as unenfranchised as the

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Germans, and are naturally becoming restive under an unfamiliar one-man rule. Most of all, perhaps, the serious difficulties which the Administration is experiencing with some sections of the native inhabitants render it specially important that the purely European issues should be cleared up without delay, and government put on a basis of greater freedom.

The report of the three members of the Native Affairs Commission of the Union who were appointed as a special commission to inquire into the rebellion of the Bondelzwarts, a small Hottentot tribe, which took place in the territory in May, 1922, and the method of its suppression, has recently been published, together with a memorandum from the Administrator commenting on some of the criticisms and recommendations made by the majority of the Commission. These documents will be duly forwarded to the Council of the League of Nations, and will no doubt be discussed in Parliament before the end of the present session. Comment is best deferred until this discussion has taken place.

South Africa. April 19, 1923.

NEW ZEALAND

I. THE POLITICAL OUTLOOK

UPON the declaration of the results of the General Election in December last, the political situation immediately became obscure. Prominent members of the last Parliament, the Speaker, the Chairman of Committees and the Minister for Justice, lost their seats, and the Government following fell, as compared with the previous Parliament, from 48 to 38 in a House of 80 members. On the other hand, the representation of the Official Opposition, the Liberal-Labour party (the modern name for the Liberal party of Seddon's day), remained constant at 19 members, while the strength of the Labour party rose from 5 to 17, leaving 6 members who might be classed as Independent. Obviously, the Government (or Reform party) was in a small minority in the House. On the other hand, the Reform party had improved its position in the country by some 73,000 votes, a number greatly in excess of the gains of both the Liberal-Labour and the Labour parties combined. Indeed, the Reform party reduced its minority in relation to the total of the votes cast for the Liberal-Labour party and the Labour party together, from approximately 100,000 in 1919 to 50,000 in 1922. Despite these gains the Reform party reaped, as already mentioned, only 38 members in the House in 1922, as compared with 48 members in 1919. This result was due very largely to vote-splitting in triangular contests, and there can be no wonder that the

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Reform party felt chagrined over its Parliamentary harvest. The obscurity of the situation was increased by the fact that four election petitions were launched. In three instances the seats of Ministers of the Crown were in question, the Hon. C. J. Parr and Sir Maui Pomare defending their seats, and the Hon. E. P. Lee endeavouring to regain his. In the remaining instance the seat of a Reform member was assailed by the defeated Liberal candidate, but owing to the death of the latter this petition has since been allowed to lapse.

In these circumstances it was obvious that until the election petitions had been decided, and the House had met and voted on a motion of no-confidence, there was no actual means of determining the fate of the Government. It was clear, however, that it could not remain in power without an access of strength from outside its own ranks, and during the election definite indications had been given by Mr. Isitt, a leading member of the Liberal-Labour party, and by Messrs. Bell and Witty, of the Independents, that they would vote for the Reform Government on a motion of no-confidence if the alternative was to leave the Labour party holding the balance of power. Mr. Isitt had been particularly emphatic upon this point, and it was, to quote the *Evening Post* of December 18 last, "Mr. Isitt's soundness on this issue that induced Mr. Massey to avoid the responsibility of running a candidate against him." Labour now held the balance of power, and Mr. Massey might, therefore, subject to the results of the election petitions, legitimately expect a small majority upon a no-confidence motion. This majority, nevertheless, would be so small as to prevent the effective realisation of any legislative programme, and the Reform party accordingly began to stretch out a hand to the Liberal party. At a meeting held in Wellington on January 11 last, the Reform party caucus passed certain resolutions inviting and welcoming "any equitable arrangement by which those members of Parliament who are opposed to communism may be brought

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together, with the object of expediting the country's business and keeping in check any section who favour principles subversive to the best interests of the Dominion."

The remaining portions of the resolution expressed appreciation of the increase in the votes accorded to the Reform candidates at the last election, declaring that the most important question at issue under existing circumstances was whether the doctrine of revolutionary socialism should be tolerated in New Zealand, and that "the line of political demarcation in this country should be between those citizens who, on the one hand, believe in a progressive and enlightened and constitutional democracy and, on the other, those who favour the policy of communism or extreme socialism." The resolutions also expressed the view that the three-party system led to instability of Government at a time when a strong and stable Government was urgently necessary; and expressed continued loyalty to the Prime Minister. The Liberal-Labour party took no definite notice of these resolutions until the eve of the short session of Parliament, when, at Wellington, on February 7 last, the Liberal caucus rejected the invitation contained in the Reform party's resolutions. After making congratulatory references to the services of its leader, the Liberal-Labour party declared for the maintenance of the identity of the Liberal-Labour party as a distinct party, and announced that so long as the Reform party continued to represent and be mainly influenced by the owners of large vested interests, the large landowners and the controllers of monopolies, the opposition of the Liberal-Labour party to the same would be vigorously maintained. The party also re-stated its opposition to all extreme revolutionary proposals.

The Labour party, led by Mr. Holland, also held a caucus on the eve of the short session, but no resolutions were published. No one, however, entertained any doubt as to the Labour party's straight-out opposition to the Reform Government on all occasions.

In accordance with precedent, it was the Prime Minister's

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duty to call the General Assembly together as early as possible, and the twenty-first Parliament of New Zealand met on February 7 last. The Prime Minister determined, as he stated during the subsequent debate, that it was better to get the session out of the way before the Election Courts sat. This was done, and the members whose seats were being attacked took their places in the new Parliament. Nevertheless, it was obvious that in these circumstances a division on a motion of no-confidence would still leave the issue in doubt. The speech from the Throne was colourless and short.

My ministers have advised, said His Excellency the Governor, that a meeting of the General Assembly should be convened at the earliest convenient opportunity to consider and determine matters concerning the general administration of the affairs of the Dominion, and any subjects which may appear to arise for your immediate deliberation.

The only legislation foreshadowed was the postponement of the date appointed for the coming into force of the Stamp Duties Act passed towards the close of the last Parliament. This was a piece of hasty and ill-considered legislation which required revision before being enforced. Reference was also made to the improvement in revenue and the reduction in expenditure during the current financial year, and the consequent anticipation of a surplus on March 31 next.

In accordance, therefore, the speech went on, with the promise of my Prime Minister, no further withdrawals of the cost of living bonus in connection with the salaries and wages of persons in the employ of the State will be required, although economy in the administration of the different Departments, and in all matters where expenditure is concerned, is still essential.

The first doubt in the situation was resolved by the election of Mr. C. E. Statham as Speaker. Mr. Statham was a former supporter of the Reform party, but he seceded when the short-lived National Progressive party was formed

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by a few supporters of Mr. Massey during the latter's absence in England.

On his return (as the *New Zealand Times* of February 17 last put it), Mr. Massey strategically extinguished the combination of young Reformers by appointing some of their number to Cabinet rank. Mr. Statham maintained his independence, however, and during the last Parliament on numerous occasions voted against the Government. He was also instrumental in forming a party representative of moderate opinion, which was finally merged into the present Liberal-Labour party. As he could not see eye to eye with Mr. Wilford, leader of the Opposition, on all points, Mr. Statham withdrew. In December last he faced the electors as an Independent. It is generally conceded that Mr. Statham is eminently suited for the position of Speaker of the New Zealand Chamber. He should maintain the high office with traditional dignity.

During the election Mr. Statham had pledged himself not to support the extreme Labour party or any Government which depended on that party for its power; yet it would have been consistent with his pledge to have voted against the Massey Government; but his election to the Speakership removed him from controversial fields and settled one point in the party conflict.

Eager to claim and establish Parliamentary prestige, the Labour party nominated one of its members for the Speakership, but he had no chance of election, Mr. Statham being appointed by a majority of 61 votes to 17.

It was generally understood by members that Parliament had been called together for the sole purpose of ascertaining whether the Government possessed, on a no-confidence motion, the support of a majority of the members of the House of Representatives, and the debate was one of the shortest in the New Zealand Parliament, upon a critical occasion. The address in reply was moved on the evening of Monday, February 12, and the critical divisions upon the amendments moved by Mr. Wilford and Mr. Holland were taken on the afternoon of Friday, February 16.

During the debate the Reform party reiterated its offer to join with the moderate elements in the House for the

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purpose of providing, as they said, a stable Government at a time when stable government was imperatively necessary.

The mover of the address-in-reply made the first advance. There was very little difference, he said, apart from varying systems of State banking and proportional representation, between the Reform and Liberal-Labour policies. He believed it would not be long before the Reform party would be known as the National Liberal party, and that many members from the other side of the House would bear true allegiance to it. The leader of the Liberal-Labour party, Mr. Wilford, was not, however, to be entangled. "There are differences," he said, "between the Liberal and Reform policies which make the parties absolutely apart, and there are fundamental differences which this party considers absolutely important." Nevertheless, Mr. Wilford's speech did not prove his bald assertion. It was confined to a detailed criticism of the Government administration with a large reference to questions of company taxation at present engaging the attention of both parties. Mr. Wilford's amendment to the address-in-reply was likewise a bald motion to the effect that the Government did not possess the confidence of the House or the country. The chief ground of complaint against the Liberal-Labour leader is that he failed to state to the House or to the country what action he or his party would take if the Government were defeated on the no-confidence motion. To the unprejudiced observer it would seem that Mr. Wilford had calculated that the Government would carry the day, and that it was unnecessary and unwise for him to pledge himself to any future line of action. During the last three years Mr. Wilford has said many times that he would never take office depending on the Labour party, although last year he said that if the Government could be kept off the Treasury benches he would go on to them with the assistance of the Labour party for the purpose of passing proportional representation, and that he would then go to the country. In the eyes of the public some declaration as to his future

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course of action was called for, but he gave none. In response to a direct inquiry in the House, he merely stated that if he succeeded he would state what he would do.

The plea for the fusion of the Reform and the Liberal-Labour parties was also strongly made by the Hon. Downie Stewart, Minister for Customs, who replied to Mr. Wilford on behalf of the Government. The theme of the speech was that Mr. Wilford's personal ambitions were being allowed to stand in the way of the formation of a stable Government.

Sham fighting, said Mr. Stewart, in his speech in the House on February 13, is going on in this House. I have admitted that ever since 1914, when I first came into the House, but it is not the responsibility of this party. The admissions of the Liberal party show that they are not warranted in maintaining their present position. The real opposition is on the Labour benches. Numerous members of the Liberal party have admitted this truth, and their present leader is departing from the views held by one at least of his predecessors. . . . I am referring to Sir Joseph Ward. . . . I do not believe that the decisions which were arrived at by the Liberal party the other day are the true opinions of that party. In my view, it is necessary to distinguish between the mind and thought of the Liberal party and the mind and thought of its present leader.

Mr. Stewart also stated that there was not a member of the Administration who did not put himself in the hands of the Prime Minister and agree to stand down if by any means it would assist in forming a suitable Administration.

The Prime Minister spoke less directly to the same end. He said :

Since the polling day, I have been deluged with letters and telegrams asking me to carry on and to hold the fort until more assistance comes along. I hope it will come, for we are determined to do the right thing. I wish to make the country, and members of Parliament especially, realise that the real issue is between revolutionary socialism and those who are opposed to it. If this wretched three-party system continues, I am going now to predict what will happen. I am going to predict that if this three-party system continues with vote splitting almost scientific—and it has been used to a great extent in connection with the recent elections—we may yet find our Socialists sitting on these benches or on those opposite. . . . So far

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as the three-party system is concerned, it has been a curse to every country where it has existed.

Anxious, as already stated, for Parliamentary prestige, and only two less in number than the Liberal-Labour party, the Labour party moved an amendment to Mr. Wilford's amendment giving reasons why the Government did not possess the confidence of the House. In moving this amendment, the Labour leader, Mr. Holland, discussed the political position in these words :

Government members are to-day pleading extremely hard with the Liberal benches to save them from Labour. As things are, the Government cannot carry on, whatever is the position of other parties; the Government cannot carry on unless it gets the votes of men who were elected as its opponents. . . . But, says the Minister of Internal Affairs, what do the Liberals propose? And I confess that there was no answer from the Liberal benches as to what they propose; but, reading between the lines, this is what I see: The Liberals are moving to displace the Government from the Treasury benches, and they will do that, if they can, with the aid of the votes of the Labour party. It goes without saying that every time the Prime Minister accepts a motion in this House as a motion of no confidence, the Labour party will vote no confidence in him, because, as a matter of fundamental principle, we are opposed to the Government. Then, supposing there is no departure from the terms on which members were elected and the Government is defeated, when the leader of the Opposition becomes Prime Minister he will demand the aid of the Reform party to save him from the Labour party. . . . It follows that if the Liberals come into office and propose legislation not in the interests of the working class, these benches will vote against them, and on that day the Liberals will raise the cry of "revolution" just as the Government benches now raise it; and the old game of scaring one another will go on until each has scared the other into the grave, and there will be neither party left. . . . Under the present electoral system nothing can be gained by another appeal to the people. . . . The suggestion the Labour party makes is this: Let this House agree to enact a *bona fide* system of proportional representation—not the Australian system, that is not proportional representation—and put through supply; and having done that, then, on the reformed electoral system, let us agree to go to the country and abide by the decision of the people.

In the result, the Liberals rejected the advances of the

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Government, but their amendment was defeated by 41 votes to 38, Messrs. Isitt, Witty and Bell voting with the Government; and the Labour amendment was defeated by 40 votes to 18, the majority of the Liberals walking out of the chamber immediately prior to the voting on the Labour amendment. Commenting upon the situation, the *New Zealand Times*, the leading Liberal organ, said editorially:

It is well that the situation has been met in the way it has. For four months to come peace and quiet, freedom from political turmoil are secured, and the useful work of government can go on undisturbed to the advantage of the Dominion generally, in satisfaction of many urgent public needs. From the progressive point of view, the situation is, of course, not satisfactory. But it is the best situation possible at present and under existing circumstances. For consideration of its improvement there are the months between this and the usual time for the meeting of Parliament.

Parliament meets in June next, but at the time of writing the situation is still obscure.

The references in this article to the speeches of the political leaders have been made at length in order that the attitude of the different parties may be made plain out of their own mouths.

Proportional representation and the State Bank divide the Reformers and the Liberals. As regards the former, it is only within the last seven months that the Liberal-Labour leader told the country that his party had never stood for proportional representation; but it is now in the party's platform. As regards the State Bank, the State is already the holder of approximately one-third of the shares in the Bank of New Zealand. A careful perusal of the speeches made during the short session leaves a strong impression of the lack of any vital distinction between the political philosophy of the present Reform party and that of the Liberal-Labour party. There is perhaps a difference of quantity, but not of quality. Between the Reform and the Liberal-Labour parties on the one hand, and the Labour party on the other, there is a difference of both quality and

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quantity. "The Labour party stands for a co-operative commonwealth and what is termed "the socialisation of the means of production, distribution and exchange." In pursuit of this ideal the Labour party gives evidence of ability and zeal. In the words of one of its members at a Labour meeting in Wellington, on February 13 last, "Labour has its eyes to the sunlight, seeking the overthrow of the forces of darkness. It has youth and ability, and no party can stay its onward march."

The other two parties stand in a more prosaic way for the established order, granting the right to each man to hold what he earns, subject to State interference and regulation on no very defined principle; but it is clear that they do not stand for the State regulation of the whole community.

The general conclusion to be drawn from the situation is undoubtedly that the real opposition lies between Labour on the one side and the remaining two parties on the other; and this view has become clear to the Liberals since the session closed. Writing in the *Otago Daily Times* of February 26 last, the President of the Liberal Association of Southland said:

The end of the recent session of Parliament has not by any means cleared the political confusion into which New Zealand has been allowed to drift. . . . We are naturally anxious to ascertain what is responsible for the continuance of the political deadlock for the very sound reason that, on the facts as generally known, there should not be any such difficulty as seems to have arisen. The Reform party claims to subscribe to Liberal principles, and the members of the Liberal party claim to be true Liberals. . . . What, in the name of reason, is any citizen to think of the position as it remains to-day? The question that promptly suggests itself is, where is the influence that is preventing the formation of a new National Liberal party? . . . If personal ambition and party preference are kept out of negotiations, and if there is truth in the repeated statement of the prominent members on both sides, I fail to see where any sound argument exists that could bar the way to a satisfactory and thoroughly sound arrangement.

The view here expressed may be regarded as sound. It may also be expected to gain weight and influence during

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the months intervening between the present and the calling together of Parliament again in June. Of all the individuals concerned, Mr. Wilford, the present Liberal-Labour leader, has the greatest responsibility to discharge. If he is intent upon the premiership, then there will be no fusion except upon the terms that he becomes Prime Minister ; and that is not a practicable attainment so long as Mr. Massey remains at the head of his party of 38, with the prestige now attaching to him. If, on the other hand, Mr. Wilford is willing to stand aside, or if his party breaks, a fusion of the moderate elements in the House will follow. This conclusion is made more certain by the views just expressed by Sir Joseph Ward, the last Liberal Prime Minister, during his candidature for the Tauranga seat, rendered vacant at the close of the short session by the death of Sir William Herries, one of Mr. Massey's most valued lieutenants. Great interest is being taken in this election, which will not be held until after the despatch of this article. The Reform party's candidate is being vigorously supported by the Prime Minister and one of his colleagues. The Labour party is refraining from putting forward an official candidate, chiefly because, it is thought, such action would cause vote-splitting, assist in the return of Sir Joseph Ward, and thereby delay the transference of Liberal support to the Labour party. Sir Joseph Ward himself, now restored to health, is standing simply on his personal merits as a veteran Liberal and an ex-Prime Minister. In attempting to re-enter politics by appealing to a constituency which has returned a Reform member since 1896, he is indicating that he has been promised substantial support. In his first speech he has said that he is entirely opposed to a dissolution and that he holds the view that "the best brains of the House must put their heads together." According to Sir Joseph, it is impossible for the Government to carry on with a majority of three, and a grave injustice will be done to the country if it is permitted. If the Reform party wins the seat, the party is still left with a majority of only three. If it loses

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the seat to Sir Joseph Ward, it has only a majority of one. Fusion or a working arrangement on some terms seems to be the only remedy and, if Sir Joseph Ward is elected, this result is more than probable.*

In the meantime one of the election petitions has been decided, the Hon. C. J. Parr, Minister for Education, retaining his seat.

A further complication in politics arises from the apparent determination of the Farmers' Union to protect itself by creating a Country party. If such a party comes into being, it will be devoted to sectional interests. The members of the farming community look askance at the present situation. They do not pretend that they have obtained all that they wanted from the Massey Government, which is generally regarded as having the support of the farming community, and they do not like the measures which Liberalism has in the past imposed, such as the graduated Land Tax. Hitherto the Farmers' Union has been a non-party organisation, but the present situation is such that the Farmers' Union, in the words of its President, in an interview given at Wanganui on December 13 last, considers it probable that "our organisation will be compelled to take a more active interest in party politics than it has hitherto done, if we are not going to allow ourselves to be overlooked in the political card-shuffling of the next few months." In referring to the alternative of another election, the President said "such a contest would be under a very different set of conditions (from the last election), and might necessitate future definite action if our interests are not to be still further sacrificed." This view was supported by the chairman of the Auckland Provincial Executive of the Farmers' Union at a meeting in Auckland on December 13 last. He is reported to have said (*vide* the *Evening Post* of December 14, 1922) :

If the farmers decided to conserve their own interests and the

* For the election result, see postscript at the end of this article.

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interests of the Dominion, they would have to take more direct political action. This could be done only by establishing a Country political party. Farmers in politics belonged to both camps. If anything was to be done, action should be taken immediately to establish a new party. The existing parties were both out of touch with the farming interests. The Executive would have to set to work at once and see that an entirely new party was established.

The Auckland Provincial Executive then decided to maintain a fund with a view to political action.

The rise of a Country party in New Zealand would still further add to the intricacies of the political situation, and if the Reform and Liberal-Labour parties do not fuse, New Zealand has almost certainly entered upon a period of doubt and uncertainty in government.

II. THE ECONOMIC OUTLOOK

A BRIGHTENING outlook in all directions has been the outstanding feature of the past three months. Prices for wool, especially, have shown a marked advance at recent sales, and in some individual instances have overtopped the peak prices of post-war years. Such prices have vindicated the judgment of those who had the courage and the financial resources to hold over the clips of the past two years.

The dairy community, whereof many members have been struggling on through financial shallows, finds itself afloat again on the tide of returning prosperity. This has been due partly to the general stability of dairy prices combined with a steady upward tendency, and mainly to a phenomenally wet summer in which the rainfall in many districts has passed previous summer records, and has produced a remarkable growth of pasture. The dairy division of the Department of Agriculture reports that during the seven months ending February, 1923, as compared with the similar period ending February, 1922, the output of butter fat has increased by 25 per cent.

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The recovery in prices, however, will probably have one undesirable effect—namely, that of distracting the attention of the producer from the problem of overseas marketing, which his straitened circumstances during the past two years have compelled him to consider. Producers as a whole have strong grounds for suspecting that only a small portion of the butter exported by New Zealand to England reaches the consumer unadulterated and with the New Zealand label. The problem has been to devise and put into operation a satisfactory system of marketing, but the proposal for a dairy control board seems to have been forgotten, and only diminished returns for dairy produce are likely to revive it. On the other hand, the Meat Producers' Board claims to have obtained reductions in freight rates representing a saving of £575,000 to the farmer, and is considering the problem of marketing in the United Kingdom. If it is able to effect substantial improvements, its success may encourage similar efforts from the dairying communities.

It has been found that some six months elapse in New Zealand before all sections of the community have benefited or suffered, as the case may be, by an extensive fluctuation in the prices of our exports. Public confidence, however, begins to react immediately, and although the conditions of the past two years are still too vivid in the minds of the speculator to encourage rash ventures, landed property in town and country is changing hands more freely, and will doubtless continue to do so.

The railway returns show a decided improvement for the recent months, and a return, submitted by the Prime Minister to the February session of Parliament shows that for the period of ten months ending January, 1923, as compared with the similar period of the previous year, the revenue has increased by £1,445,948, and the expenditure decreased by £1,967,562.

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III. LABOUR TENDENCIES

THE workers in the ranks of industry feel aggrieved at the reductions in the bonuses on wages which have taken place pursuant to the awards of the Arbitration Court. As the cost of living has fallen, the bonuses have been reduced. This is good sense, and in accord with the needs of industry; but militant Labour has taken it with a bad grace. The shipping strike was meant to be a protest.* The Alliance of Labour,† representing the extreme section, has taken a ballot of its members as to whether there should be a general strike as a protest against the reductions in the bonuses on wages. The result was an overwhelming majority in favour of a strike, but the Executive of the Alliance was wiser than its members. According to the President, it was hoped to overcome the difficulties by negotiation; but, so far as the public is aware, there has been no negotiation and no strike. Another indication of the trend of labour opinion in the country is given by the appointment made this month to fill the vacancies on the Arbitration Court caused by the expiry of the periods of office of the nominated members. These members represent respectively the industrial unions of the employers and of the workers. Each side has a nominated member and an acting nominated member, the latter taking the place of the former in the event of his absence from any cause. The remaining member of the Court is a Judge who has the status of a Judge of the

* The strike of the Seamen's Union, described in our March number (see *THE ROUND TABLE*, No. 50, March, 1923, p. 451), was, after a month, called off, the men undertaking to abide by the award of the Court against which the strike was a protest. Its failure was due partly to the suspension of statutory provisions which enabled the engagement of free labour and partly to the refusal of the shipping companies to re-engage the men unless the union agreed to abide by the award. An offer by the Alliance of Labour to assist by calling out the Waterside Workers and affiliated organisations was refused by the seamen.

† See *THE ROUND TABLE*, No. 48, September, 1922, p. 921.

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Supreme Court. The nominated members are appointed by the Governor upon the recommendation of the unions of employers and of workers respectively. The last representative of the workers, Mr. M. J. Reardon, has been a prominent Labour leader for many years, and he took his place upon the Bench of the Arbitration Court during the worst period of the depression. In the eyes of the public he has acquitted himself well, but he is now rejected of the Labour movement. The Alliance of Labour has succeeded in placing its two nominees at the head of the poll taken by the industrial unions for the purpose of ascertaining who should be nominated by them as the members of the Arbitration Court. It appears that militant labour is striving for and gaining ascendancy in the labour world at the present time.

New Zealand. March, 1923.

POSTSCRIPT

Since the foregoing was written, Sir Joseph Ward has been defeated at Tauranga by more than one thousand votes. The Government victory is regarded by Mr. Massey as an emphatic vote of confidence in his régime, and he now speaks of being able to carry on the Government during the full term of the present Parliament.

Owing to informalities of a technical nature, the Oamaru election has been declared void. The late Minister for Justice, the Hon. E. P. Lee, who was defeated by a Liberal at the General Election by 14 votes only, will again be the Government candidate at the by-election, and if he is returned the position of the Government is assured.

THE IMPERIAL CONFERENCE

IN the last issue of this review an article was published dealing with the changes which had come about in the general situation of the British Commonwealth, since 1914, and discussing the fundamental problems which lay before its peoples. In this article it is not proposed to traverse the ground there explored, but to examine some of the practical problems which will confront the Imperial Conference and the Economic Conference, when they meet in October next. No attempt will be made to discuss the whole agenda before the Conference. It is only with its more important features that this article is concerned.

I. FOREIGN POLICY

IT was in 1911, after the crisis of Agadir, that for the first time a complete survey of the international problems of the British Commonwealth was presented by the Secretary of State for Foreign Affairs to the Imperial Conference. Events thereafter, under the dire necessity of war, moved rapidly, until by 1918 the supreme direction of British international policy was avowedly in the hands of the Imperial War Cabinet, consisting of the heads of the Governments of the self-governing nations that form the Commonwealth, and of certain other Ministers, and of representatives of India. Since 1920, however, events have moved almost as rapidly back towards pre-war practice. Little interest has been taken in the overseas portions of the Commonwealth in foreign affairs, and to-day consultation about policy, by cable and despatch, is almost perfunctory.

None the less, foreign policy continues to be the most important subject before the peoples of the Commonwealth, for it is out of foreign policy that wars come and it is only by pursuing continuously a sound foreign policy, not by sitting with folded hands and doing nothing, that peace can be maintained. Moreover, the war has shown that it

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is no longer possible for any community, however remote, to remain isolated from international complications. The world has become so small and the nations so inter-related, owing to the discovery of new uses for steam, electricity and oil, that the major conflicts of mankind speedily involve all nations, first economically and then politically. It is becoming clearer every day that the only road to lasting peace in the modern world is that all peoples who claim to stand in the van of human progress should actively co-operate in trying to solve menacing international problems and work towards the establishment of some kind of international law and order on the earth.

For the moment, however, there is a universal reaction from the intensive international co-operation which prevailed during and immediately after the war, though there are signs that the United States is now beginning to think seriously once more about international affairs. There is, however, no likelihood of any marked change in her policy until after the Presidential election of 1924. It is, therefore, with a series of practical problems that the Imperial Conference will find itself called upon to deal. These are, briefly, Europe, the Near East, and the difficulties with the United States over prohibition. There is no other matter of moment, save perhaps chaos in China, which is dealt with elsewhere in this number, for the Pacific is for the time being settled by the Washington treaties.

So far as Europe is concerned, this article will not deal with reparations, the Ruhr, and other current controversies, partly because they are also discussed in special articles, and partly because there is a more important issue for the Conference than what is the next step to take in the present European tangle.

There is no doubt that there is a considerable divergence between what might be called the New World and the Old World point of view about the general direction of British policy towards Europe. Thanks to twenty miles of silver sea, Great Britain, since the loss of the Plantagenet

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dominions, has never been part of any permanent European political system. But also because of her geographical propinquity she has never been able to disembarass herself of its affairs. From time to time conditions have arisen in Europe, as they did under Philip II. of Spain, under Louis XIV. of France, under Napoleon, and lately under William II. of Germany, which threatened her own liberty as well as that of Europe, which forced her actively to intervene. But after every such intervention she has returned to her traditional policy of standing apart from the seething complex of European politics. At present she is being driven once more in this direction, though she is still striving to straighten out European chaos because of its effect upon unemployment at home. The Dominions, on the other hand, and India, are far removed from Europe. They, too, are affected economically by European chaos, but, save at exceptional times, as in 1914, their political interest in Europe is, by comparison, small. It is aroused only when European politics affect the well-being of the Commonwealth as a whole.

The most important question that the Imperial Conference will have to consider is the future relations of the British Commonwealth to Europe. It can probably do little about the immediate situation over reparations or the Ruhr or Russia, for conditions change there from day to day, and because they are mainly under the control of other Governments. But it can and ought to determine quite clearly whether the British Government can accept any solution which involves the Commonwealth in any kind of permanent political commitments in Europe. That question has never been clearly considered since 1909, the date when the new German naval programme finally convinced Great Britain that the old menace from European autocracy had revived. Before the war, Great Britain's only actual treaty obligation was to defend the neutrality of Belgium. But after 1904 there was an *entente cordiale* with France, implying a common interest

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in resisting German aggression but involving no actual commitments. On the outbreak of the war the *entente* developed into the quadruple alliance between Britain, France, Russia, and, later, Italy. In 1919 a proposal was made and accepted for a treaty of guarantee to France by the British Commonwealth and the United States against unprovoked aggression by Germany. That treaty, however, lapsed with its rejection by the Senate of the United States. At one time Great Britain would probably have been willing to go on with it alone—as was proposed at Cannes. But the recent policy of France has probably destroyed all chance of any such guarantee being given, and has reduced even the *entente cordiale* to a very slender tie. At the same time proposals are frequently made for new political combinations for the maintenance of European peace of which Great Britain is to be a member, and the idea is often put forward that the final solution of the reparation-Ruhr controversy will take the form of an international guarantee of the neutrality of the Rhineland to which Great Britain will be a party, to say nothing of an inter-allied supervision of German finances.

It is vital, amid these shifting sands, that we should see clearly just where we are going, and the first question to be determined is this, is any such policy one into which the Commonwealth as a whole should enter? All international arrangements such as these are designed to prevent war, but they also involve the risk of war, and British commitments in Europe in the past have often ended in war. Such commitments to-day, as the war showed, involve the Dominions no less than Great Britain. The Dominions will certainly no longer give Great Britain a blank cheque to do the best she can. They will regard themselves as bound by no policy to which their Parliaments have not given their assent. Is, then, the solution that Great Britain should carry on with the precedent of the guarantee treaty of 1919 and sign obligations which may involve her in the liability to go to war, while the

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Dominions are to be left free to dissociate themselves from all the consequences? That is certainly one solution of the difficulty—the solution which, as we shall see, will end the British Commonwealth of Nations when the next serious international crisis arises. The other is that Great Britain should enter into no foreign commitments to which the Dominions are not also willing to subscribe, and vice versa, and that British foreign policy should be one which the whole Commonwealth is willing to support. That seems to THE ROUND TABLE the only possible solution. But it leads far further than at first sight appears.

Looking at the international situation from the Commonwealth and not merely the British standpoint, there are certain general ideas which seem to stand out and which it is worth while to set forth.

1. The first is that the foreign policy of the Commonwealth must be one. It cannot be a foreign policy which suits Great Britain alone, or Australia, or Canada alone. It must be one which is designed to preserve the peace and security of the whole Commonwealth and which has the intelligent support of all its parts. Unless this is so the next serious international crisis may lay the Commonwealth in ruins. It is now a commonplace of Imperial politics that no part of the Commonwealth can be committed to war save by its own Parliament. That means that in any war of importance in which any nation within the Commonwealth is involved, the other members can only escape the obligations and liabilities of the status of belligerency by seceding from the Commonwealth. If, therefore, Great Britain or Canada or Australia is to become involved in disputes or commitments not approved of or accepted by the other members, it is inevitable that if war arose, as a result, the only alternative to participation in the conflict in some way would be a declaration of neutrality which could only be made effective by a notice of secession.

It is no solution that the other parts of the Commonwealth should "consent" to Great Britain assuming

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obligations by herself. That is simply dangerous camouflage, as can be seen by considering the consequences of the treaty of guarantee to France of 1919. This treaty provided that it should be binding on the Dominions only if it were ratified by them. In point of fact, it was ratified only by Australia and New Zealand. Had it come into force, and had the course of events given to France the right to invoke the *casus foederis*, what would have happened? Presumably, Australia and New Zealand would have fulfilled their promise. But Canada and South Africa would have replied that they were, under no obligation to take part in the war, for they had given notice of their intention not to assume the obligation, at the time, by declining to ratify the treaty. Yet how could they make good their rights, and escape the consequences of belligerency to their nationals and trade, save by a declaration of secession? It is surely obvious that the precedent of the treaty of 1919 is far too dangerous to be repeated. For Great Britain to enter into foreign commitments in Europe, or any of the other Dominions elsewhere, to which the rest of the Commonwealth does not either consent or subscribe, is to start a process which must lead to frequent violent controversy and tension within the Commonwealth and may end in its disruption. If the Commonwealth is to persist it will be because its policy represents the views and interests and has the active and intelligent support of every part.

But if British foreign policy is to be truly a Commonwealth policy it is essential that in the formulation of it, the opinions and interests of the Dominions and India should have as full weight as those of Great Britain, even though Great Britain is left to undertake the major share of the responsibility for executing the policy so agreed. There is a tendency sometimes in England to think that people in London know all about foreign policy and that the Dominions know little or nothing. We entirely dissent from this view. It is probably true that Londoners are more familiar with the facts and the details. But they are,

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in consequence, liable to be obsessed by that knowledge. Moreover, they inevitably tend to take too European a view. They are often not able to see the international wood because of the European trees. Outsiders sometimes see most of the game, and the Dominions can bring to the consideration of international problems not only an intimate knowledge of conditions in other continents, but a fresh and dispassionate outlook, which can be of inestimable value. Not the least of the services which the Imperial Conference can render to the Commonwealth is to bring some fresh air into the corridors of Downing Street and by preventing British foreign policy falling unduly under the point of view of Great Britain, ensure that it is one which represents the interests and has the support of the Commonwealth as a whole.

2. Directly, however, we consider foreign policy from the standpoint of the Commonwealth as a whole, the difficulty in the way of entering into any permanent commitments in Europe begins to appear. The Commonwealth contains more people and more territory than Europe. It is scattered all over the globe. Its frontiers are great mountains, sun-stricken deserts, and the seven seas. It is inseparably involved in all world problems, the problems which are properly the concern of the League of Nations. But it is not involved with the internal problems of Europe to a greater extent than with the internal problems of any other continent, except in so far as they have effects external to Europe itself. Indeed, it is less involved, because Europe is the only continent on whose mainland it has not a foot of territory. It is conceivable that Great Britain by herself might be induced to join some form of European alliance, though that is contrary to her oldest traditions. But it is certain that none of the Dominions would consent to do so—and the policy of the Commonwealth must be one which commands the approval of all.

This does not mean, of course, that it is not concerned

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with European chaos. It obviously is, especially so long as that chaos means a continuance of unemployment and bad trade, or threatens fresh wars. But it does seem to mean that the efforts of the Commonwealth to compose European problems should take the form of the normal good offices of diplomacy or co-operation through the League of Nations, and not of fresh *ententes* or alliances or guarantees. The British Commonwealth has colossal problems of its own—the reconciliation of unity with national freedom within itself, the development of self-government in Asiatic and African territories, the bridging of the barrier of colour, the interpretation of East and West to one another. It certainly will not help it to solve these problems for it to become needlessly involved in the purely internal problems of Europe as well. There seems to be a *prima facie* necessity from the point of view of imperial unity for a return to the traditional policy of avoiding entanglement in what Sir Wilfrid Laurier called the “vortex of European militarism,” and to confine our efforts to promoting appeasement and reconstruction from a detached position outside.

3. This policy also seems to be best for Europe. The European problem will never be solved by intervention from without. It must come from unity within. The inevitable consequence of the traditional European system in breeding armaments and war has repeatedly been set forth in the pages of this review. It is certain that as long as the peoples of Europe remain divided into water-tight compartments, hating one another, jealous of one another, and determined not to co-operate on a friendly basis with one another, they will be devastated by chronic war. The old sequence of competitive armaments, military alliances, the struggle for the balance of power, and the crash of Armageddon will inevitably reappear.

It will serve no European purpose, and no British purpose, that we should become involved in any attempt to stabilise this complex of hates, suspicions and fears by

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entering into new alliances, *ententes* or guarantees. The real solution of the European problem is that its peoples should recognise that if they want peace and security it will not be got by leaning on others, but by making steady progress for themselves along the road that leads to unity. That this road of self-help is difficult no one can gainsay. That it is for all time impossible, no one, who has studied the union of Scots and English, of the thirteen States of the United States, of French and English in Canada, of Dutch and English in South Africa, and of Germans and French and Italians in Switzerland, can confidently affirm. At any rate, it seems clear that the British Commonwealth can do more for Europe by helping it towards internal reconciliation and unity than by participating in any new attempt to maintain peace on the basis of the ascendancy of any political group within it, or of a fresh balance of power.

4. It is also worth while considering whether what is necessary for the Commonwealth is not also necessary for the League of Nations if the League is ever to take its true position. The proper function of the League is to be the forum for the discussion of world problems. There its value can be immense, for it can bring people together who otherwise would never meet, and help to lift them out of that purely self-centred and nationalist point of view which is the prime cause of international discord. But it is not the proper function of the League to govern Europe. Nor can a world League ever succeed in doing so. Europe ought to handle its own internal problems for itself, and for the League to attempt to do the work may become a positive hindrance to Europe assuming responsibility for its own affairs. Moreover, until the League is to some extent disentangled from the internal affairs of Europe it does not seem likely that it can ever become a League of all Nations. It is evident that the United States will not join the League so long as almost its whole work is to deal with the chronic internal disputes of a Balkanised Europe, while Germany and Russia will not join it if it is to be

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treated as an engine for the literal enforcement of the treaties of peace. World questions and European questions really fall into separate categories, though they often overlap. Once the two are distinguished it is likely that both Europe and the League will make better progress towards prosperity and peace.

So much for the question of the general trend of Commonwealth foreign policy in its relation to Europe and the League of Nations. There remain the international issues involved in the enforcement of prohibition, and the problem of Turkey and the Near East. As to prohibition, the problem ought not to be difficult of solution if it is handled in a reasonable and friendly temper. Temperance reform, whether in the form of prohibition or not, is clearly a matter exclusively within the control of every national State. The United States is clearly within its rights in passing national prohibition and in taking strong measures to enforce observance of the law within its own territory. It is an heroic attempt to grapple with a grave social problem, and, whether we think the methods it has adopted wise or not, it is certainly not for other nations to object. On the other hand, the United States clearly has no right to try and impose its own laws upon other nations or to take technical advantage of its own Constitution to embarrass the legitimate activities of the nationals of other Powers. That is to attempt to bring about moral advance by methods of autocracy, which all history proves have invariably failed of their purpose. But it is equally clear that other nations ought scrupulously to refrain from aiding and abetting those who are trying by unlawful means to break down the operation of the law of the land. If foreign countries have some legitimate complaint to make about the manner in which the United States is endeavouring to force their ships to travel "dry" upon the high seas, instead of availing itself of reasonable precautions to prevent foreign ships disposing of liquor when in American ports, the United States has some legitimate ground for

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complaint in the persistence with which foreign ships, and notably ships flying the British flag and operating from British ports in the Bahamas and elsewhere, are engaged in transporting liquor to the three-mile limit in convoys, for disposal to bootleggers and other violators of American law. We have always complained that France, standing on a strait and narrow interpretation of international law, has never taken steps to help us to put down the arms traffic in the Persian Gulf. The people of the United States similarly complain that they can get very little co-operation from us in their effort to put down the illegitimate liquor traffic which is carried on by British citizens, in British ships, and from British ports.

There are difficulties, no doubt, in the way. The powers of any British Government over its own nationals on the high seas are small. It is clearly, too, the primary duty of every nation to enforce its own laws for itself. But a policy of pure *laissez-faire* on the one side is only likely to encourage fanatical enforcement on the other. The question is important not because it is likely to estrange the two Governments, but because it is the sort of issue which arouses bitter and resentful feelings in the body of democratic opinion. There is no use ignoring the fact that there is a good deal of popular feeling on this matter on both sides of the Atlantic. It ought not to be allowed to develop, and the way to prevent it from developing is for the two Governments to face the issues and arrive at a reasonable agreement on some such lines as those proposed by Lord Birkenhead as soon as possible.* In this work Canada can play a leading part. She understands the American point of view better than we do. She is largely

* Lord Birkenhead, in a letter to *The Times*, dated July 11, suggests a convention on the following lines: Both America and Great Britain would recognise and reaffirm the binding force of the three-mile limit rule. Great Britain, however, would, to enable the U.S.A. Government to deal with bootlegging, concede to it for a limited period the right, without prejudice to the maintenance of the rule, to treat the limit round the American coast as if twelve miles were the international rule.

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a prohibition country herself. Mr. Mackenzie King might do well to raise the question in the Imperial Conference.

The only other problem that is likely to arise is that of the Mediterranean. In it there are two main elements. The first is Turkey. The fundamental point for the Imperial Conference is not the general terms of the peace which was concluded on July 24, 1923, but the future responsibilities which the British Commonwealth is to assume in connection with it. The treaty which has been signed with Turkey contains, among others, the following provision :—

Should the freedom of navigation of the Straits or the security of the demilitarised zones* be imperilled by a violation of the provisions relating to freedom of passage, or by a surprise attack or some act of war or threat of war, the High Contracting Parties, and in any case France, Great Britain, Italy and Japan, acting in conjunction, will meet such violation, attack, or other act of war or threat of war, by all the means that the Council of the League of Nations may decide for this purpose.

On the general merits of the policy of guarantee, this article cannot pretend to express an opinion. We are not sufficiently familiar with the details of the local situation. But it is clear that such a guarantee as is set out above may carry with it formidable obligations. The British Empire is one of the ten High Contracting Parties to it. There is, however, as will be noticed, a saving proviso which imposes a special degree of responsibility on three of the High Contracting Parties, France, Italy and Japan, and also on Great Britain (not the British Empire) who agree, acting in conjunction, *in any case* to carry out the obligations of the guarantee. The existence of this special proviso must not, however, obscure the real point for the Imperial Conference, which is, as has been pointed out in the case of Europe, whether the Commonwealth as a whole is willing to assume these obligations. If not, as the Chanak incident significantly showed, situations very

* These demilitarised zones include both shores of the Dardanelles and the Bosphorus and certain islands in the Sea of Marmora and the *Ægean*.

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dangerous to the unity of the Commonwealth may ensue. There was certainly much to be said for our ancient tradition of mounting guard outside the Dardanelles but avoiding commitments as far as we could in the territory itself. In this instance the decision as to the means by which the guarantee is to be enforced depends not upon the guarantors, but upon the Council of the League of Nations.

Similarly with Egypt. The Egyptian question was fully discussed at the Conference of Prime Ministers in 1921, and there has been no considerable change in the situation since, save that an Egyptian constitution has been brought into being. But the settlement of the relations between the constitutional Government of Egypt and the British Government, especially in regard to the Suez Canal, are of vital importance to Australia and New Zealand and India, and of some importance to South Africa. That also is a matter which the Conference ought to discuss, in order that an agreed point of view may be reached.

II. DIPLOMACY

THE general direction of Commonwealth policy is likely to be the main preoccupation of the Imperial Conference in the sphere of foreign policy. But the question of machinery comes only next to it in importance. In the last issue of *THE ROUND TABLE** extracts were quoted from the speeches of leaders of opinion in the Dominions showing that there was a striking unanimity of view that the present system of consultation had broken down, and that some change must be made. The Chanak incident revealed to the public eye what students had long foreseen, that directly the war was over we should drift back to the pre-war system whereby the control of foreign policy and the chief burden of responsibility would be in the hands of Great Britain, while the Dominions, in theory, and under the constitution equal partners, would, in fact,

* *THE ROUND TABLE*, No. 51, June, 1923, p. 475.

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share neither in the control nor the responsibility. In the earlier part of the present article we have endeavoured to show how impossible it is for the system to continue under which Great Britain entered into commitments which the Dominions endorsed or not, as they pleased, and how vital it is that foreign policy in future should be one of which the whole Commonwealth approves.

During the war all these difficulties were obviated by the existence of the Imperial War Cabinet. The present unsatisfactory state of affairs, with the unequal distribution alike of responsibility and control, have come about through no deliberate decision but by the pressure of necessity and fact. The overseas Prime Ministers have gone home, and the Dominions, so far from wanting to follow foreign policy, became chiefly concerned, once the German menace had disappeared, and the Far Eastern situation had been temporarily stabilised by the Washington treaties, to be left alone to get on with the task of their own internal development. And these are the facts with which we have to deal to-day.

Accordingly, in the June number of *THE ROUND TABLE* it was suggested that the needs of the moment could best be met, not by any organic change or by stationary Dominion Ministers in London, but by modifying the existing ineffective system of inter-Imperial communication into one of a quasi-diplomatic kind. The real need to-day is that every national Government within the Commonwealth should have agents in London, and, if possible, in each of the other capitals of the Empire, who are specially trained in political and international observation, who do not change with party Governments, of a standing and with pay to enable them to consort with Ministers and ambassadors on equal terms, and whose whole business it should be to maintain touch with the British Secretaries of State, with ambassadors and foreign representatives, and with imperial and foreign affairs, and so be able to keep their own Governments authoritatively advised of what is going

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on. If this were the case, when crises did arise, as they are bound continuously to arise in foreign affairs, each Government of the Commonwealth would have a staff which could advise it as to the facts and which would be qualified to serve effectively, as ambassadors do, as intermediaries in the process of consultation about what the policy of the Commonwealth should be. Thus at last could effective consultation begin. It is certain that the present High Commissioners, already heavily burdened by commercial responsibilities, could not do the work, and that either the High Commissioner should be freed from all other responsibilities to enable him to do it, or a special representative should be accredited to London to deal with diplomatic and international affairs.

It is equally important that the British Government should be adequately served in the Dominion capitals. Experience in the war showed that it was just as difficult to make the British Government understand the Dominion point of view as it was to make the Dominion Governments understand the British point of view. Progress was only made when each Government sent an agent of its own to represent it on the spot. This will probably be true also of consultation about foreign affairs, and it may lead to some modification of the existing system of Governors-General. With the absolute separation from politics which their status requires, they hardly seem qualified to act as expert intermediaries.

Nor do we see any objection to Dominion representatives being stationed for the same purpose in foreign capitals, provided there is previous agreement with all the other Commonwealth Governments at the Imperial Conference about their powers and functions, and provided it is clearly recognised that no Government in the Commonwealth can enter into engagements with any foreign Power, save in minor matters of purely local effect, without full consultation with and the assent of the other nations of the Commonwealth whom its acts commit. In the

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opinion of THE ROUND TABLE the more direct the contact of all parts of the Commonwealth with the realities of the international world the better, provided always that the cardinal rule of consultation and agreement before engagement or action is observed. There are certain great advantages and economies in having a single Imperial diplomatic service, provided enough Dominion citizens are recruited into it. But there is no reason why that should be allowed to obscure the Dominion contact with foreign Powers. If their advice in consultation is to be effective it must be based upon knowledge. Possibly the solution of the problem of Imperial diplomacy is that each Dominion should develop a specialised diplomatic service of its own, whose primary duty should be to reside in London and also in the other capitals of the Commonwealth, for contact there is hardly less important, but who should not live permanently in foreign capitals but move about where the centres of international interest happen to be, consult with the British Ministers on the spot, and so report continuously to their own Governments on the problems of the world.

Such are our views. We do not, however, desire to dogmatise. The Prime Minister of Australia, for instance, is reported* to be in favour of having a resident Minister in London provided that he is given access to Cabinet documents and consulted on all subjects involving the interests of the Empire. There are no doubt advantages in such a scheme, but there is also a formidable practical difficulty. As long as little or no interest is taken by their public in foreign affairs, leading Dominion statesmen are unlikely to be willing in normal times to go and reside in London where they would be out of touch with their colleagues, their constituents and domestic politics. Where, however, there is a will, a way may be found, and if the Dominions or any of them—for uniformity is not indispensable—should decide to send a

* *The Times*, July 25, 1923.

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Cabinet Minister here, we should welcome it. Once a start is made, experience will show which is the best method. The ultimate test will be whether that which is selected stimulates interest and a sense of responsibility where at present they are lacking.

III. DEFENCE

AT the present time, as pointed out in the last issue of this review, there is no urgent question of general Commonwealth defence. Germany is disarmed, and the Washington Conference has temporarily stabilised the situation in the Pacific. None the less, we are living in a world in which hate, ignorance and suspicion are still powerful, and every nation has still, in the last resort, to rely upon itself for its safety and its rights abroad. Armaments, in point of fact, are greater in Europe than ever, and Great Britain has recently been forced reluctantly to expand its own provision for air defence. There is no saying what the future may produce, and whatever hopes we may entertain of the eventual success of the League of Nations, obviously no nation to-day can afford to be utterly unprepared. The only alternative to universal armaments is not disarmament, but law governing the nations, and for the moment we are not making much obvious progress towards that goal.

Fortunately there is no need for the Commonwealth to expand its armaments at present, save in the air. The naval arrangements concluded at Washington have stopped naval rivalry in the most important categories of vessels of war. It is rather a question of considering the best geographical distribution of such strength as we now possess, and the financial distribution of the burden involved. This, to-day, is so much an expert question that we do not propose to examine in detail such matters as the merits of the proposal to fortify Singapore. We will simply print

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some figures showing expenditure to-day, for they point their own moral. We give them as correctly as we have been able to obtain them. As regards naval expenditure, according to Mr. Bruce, the latest figures show that Great Britain is expending on her Navy 26s. 8d., Canada 1s. 4d., New Zealand 4s. 7d., and Australia 8s. 2d. per head.

ESTIMATED EXPENDITURE 1922-23.†

	Army, Navy, Air.	Service of War Debt.	World War Pensions.	Total.	Per head of popu- lation.
	£	£	£	£	£ s. d.
Great Britain ..	*111,000,000	*323,990,000	*90,513,000	*525,503,000	11 18 7
(for 1923-24 ..	122,011,000	35,000,000	74,148,000	546,159,000	12 7 11)
Canada nearly	3,000,000	say 21,561,038	about 7 million	31,603,812	3 11 11
Australia ..	4,587,862	20,582,810	6,920,049	32,090,721	5 18 0
South Africa ..	915,840	say 1,390,439	about 1 million	3,306,279	2 3 6
New Zealand ..	611,338	4,667,500	about 1 ½ million	6,897,369	5 13 0

† Except where an asterisk appears, these figures are not actual, but estimated expenditure. The war debt service figures for Canada and South Africa are rough approximations. For the Canadian figures we have taken 6 per cent. on the total war expenditure (to March 31, 1922) of £359,350,638, and for South Africa 6 per cent. on war expenditure out of loan funds from 1915-16 to 1921-22 inclusive. For the Canadian figure the exchange has been assumed to be \$4.70. The corresponding British figure covers debts from William III's reign, though at the outbreak of war the service was only 24½ million. It is far higher for 1923-24 than for previous years, because £40,000,000 for the debt to America is now included. The figures in the right-hand column are based on the 1921 Census statistics.

The three left-hand columns do not exhaust imperial expenditure. Great Britain, for instance, spends a considerable sum every year on the diplomatic and consular services, the Colonial and the Middle Eastern services and others, which are included in Class V of the Civil Service. The estimate of this class for 1922-23 is 12 million.

Expenditure on such objects as the assistance of ex-soldier emigration and settlement and as repatriation is omitted, because it is temporary and transitory, and our object is to compare the permanent annual expenditure of Great Britain and the Dominions.

In the case of South Africa, for the purpose of our fifth column, we have only taken account of the white population of 1,519,488, but there are, besides the whites, 5,409,092 coloured people. In comparing the figures generally, the relative purchasing power of money in the different countries concerned must be taken into account and allowance made. Money is the counter in which wealth is reckoned and has a different value in different countries. Its purchasing power is still much higher in Great Britain, generally speaking, than in the Dominions.

We have given no figures above for Newfoundland or India. The population of the former is relatively small; the conditions of the latter are different.

Newfoundland's war expenditure was £3,617,021. She contributed 9,000 soldiers and 2,053 seamen. India contributed in money £100,000,000, and in personnel 1,457,000 men, of whom 943,000 served over seas. The cost of troops was met abroad by Great Britain, but in India by India herself. The estimated cost of her military services for 1922-23 is £45,235,778 18s., taking the rupee at 1s. 4½d.

On July 30, the estimated expenditure on defence per head of white populations was given by Sir W. Joynson-Hicks as follows: Great Britain (1923-24) £2 18s. 5d. Dominions 1922-23): Australia 17s. 11d., Canada 6s. 8d., New Zealand 11s. 4d., South Africa 12s. 1d.

Free Trade, Preference and Migration

IV. FREE TRADE, PREFERENCE AND MIGRATION

THE most obvious fact about the British Commonwealth to-day is the bad distribution of population within it. The population of Great Britain, according to the census of 1921, was 42,767,530, inhabiting an area of 89,047 square miles. According to the last figures there were about 1,185,000 unemployed in the country, partly because of the falling off in European trade, partly because, despite 766,511 Englishmen, Scotsmen, Welshmen and Irishmen killed during the war, the increase of population in this island has risen and been more rapid than usual owing to the interruption of emigration since 1914. Great Britain is obviously over-populated. On the other hand, there is an equally obvious shortage of population in the Dominions. Canada with an area of 3,729,665 square miles has a population of 8,788,483. Australia with an area of 2,974,581 square miles has a population of 5,436,794. South Africa* with an area of 795,489 square miles has a white population of 1,538,920 and a coloured population of 5,617,092. New Zealand with an area of 103,568 square miles has a population of 1,218,913.

Certain admirable steps to remedy this state of affairs have already been taken. The Empire Settlement Act of Great Britain and various measures adopted by the Dominion Governments have probably gone to the limit of what can be done by purely State action, and they will bear fruit in due course. But the scope of direct State action is necessarily very restricted. The great emigrations of the past have not been caused by State action but by individual enterprise taking advantage of natural economic opportunity. That is the real road to the better distribution of population. That is why we link the two subjects together in this section. Is it possible to do anything to stimulate the normal operation of economic law, or to

* Including South-West Africa.

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remove the impediments which now prevent it working smoothly ?

There are two main causes of the present stagnation in inter-imperial migration and trade. The first is the chaos in Europe. Europe is not only a great market for British manufactured goods, but for Empire food and raw materials. The curtailment of that market diminishes alike the power of Great Britain to consume Dominion products and of the Dominions to consume British manufactures. No development of inter-imperial trade is likely to compensate for the loss of European markets. On the other hand, conditions within the Empire are within our own control, while conditions in Europe are not. Thought and energy, therefore, applied to the promotion of inter-imperial trade are likely to be more productive of results than any efforts we can make to stabilise foreign countries. The second cause of economic stagnation is the economic policy of the different parts of the British Commonwealth. Great Britain, for instance, which produces about 45 per cent. of her cereal and less than 40 per cent. of her meat supplies, has stood rigidly by the policy of free trade, which means that she starves her own agriculture in order to get the advantage of the lowest world prices for the food she buys from abroad, because in turn this enables her to keep her own costs of production down so that her manufactured articles can compete effectively in protected markets abroad. The Dominions, on the other hand, which produce practically all their own food, have stood not less consistently for the policy of high protection, because they have been determined to build up a manufacturing industry in their own lands, even though at the cost of higher prices to themselves for manufactured goods.

These policies, while they have apparently suited the immediate needs of Great Britain on the one hand, and the Dominions on the other, have certainly had the effect of retarding the growth of inter-imperial trade, and the development of the Commonwealth as a whole. The

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expansion of the natural capacities of the various parts of the Commonwealth has been disturbed in order either to force on industrial production in the Dominions, or to encourage foreign trade in Great Britain at the expense of the agriculturist. There is no question that each part of the Commonwealth has been fully within its rights in adopting what fiscal policy it liked. Throughout, however, there has always been a considerable body of opinion that questioned whether these policies were really the last word in human wisdom.

For many years, for instance, the majority in the Dominions and a minority in England advocated an all-round system of preference for Empire products, on the ground that it would tend to develop trade and economic activity within the Commonwealth, as undoubtedly it does. The Dominions adopted the preferential system twenty years or more ago, though Great Britain only came into line in 1920. But the effectiveness of the preferential system has been strictly limited. It is limited on the Dominion side, because the level of the preferential duties has been the level necessary to protect Dominion industries from British competition. It is limited on the British side because foodstuffs and raw materials are on the free list, and because the Dominions do not yet produce in any quantity the manufactured articles which can compete as against foreign products in the British market.

There is at present a powerful agitation in the Dominions for an extension of the preferential system in Great Britain to cover their own food products and raw materials, on the ground that an expansion of their markets is necessary to an increase in their own population. It is especially strong in Australia, New Zealand and South Africa, and is pressed on the ground that Imperial preference has operated hitherto mainly to the advantage of the British producer. There is an equivalent agitation in England for an extension of the preferential system in the Dominions on the ground that

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an extension of the Empire market is the only corrective to the decline in the European market, and is also a necessary precedent to the revival of employment in Britain, and therefore of its power to purchase Dominion products.

The question of increasing the preferences, however, is not quite so simple as some of its most enthusiastic supporters believe. It is true that preference has hitherto operated mainly to the advantage of the British producer. The Secretary of State for the Colonies in May of this year estimated that the amount of duties rebated by Canada, Australia, South Africa and New Zealand on British products amounted in 1922 to £11,750,000, while the equivalent British rebate on Dominion products was between £5,000,000 and £6,000,000. But as the history of the Imperial Conference shows, preference was introduced largely as the Dominion method of meeting the pre-war request of the British Government that the New World should assume some share of the growing burden of defence. It was originally proposed in a somewhat different form by Mr. Jan Hofmeyr, of Cape Colony, and was first introduced by Sir Wilfred Laurier in Canada. That the lion's share of the burden of defence still rests on the same shoulders will be apparent from the figures in the preceding section.

On the other hand, the basis of the preferential system has been that the granting of preference was to be a purely voluntary act on the part of each self-governing portion of the Commonwealth. There has never been any bargain, or agreement, about it. It has been an axiom that each nation was to be entirely free to determine its own action for itself, so that it could increase, remit, or abolish the preference entirely at its own discretion and as its own needs prescribed. The inauguration of the system, indeed, by Canada was prompted very largely by the internal political necessities of Sir Wilfred Laurier, who had to satisfy both those who were demanding free trade with the United States and those who were against reciprocity for

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national and imperial reasons. The preferential system to-day means no more than this, that each of the self-governing portions of the Commonwealth, without any agreement or negotiation, fixes the rates of the preferential duties at the rate necessary to give protection to its own products, and adds a varying percentage on foreign products, in order to give the Empire producer an advantage in such market as was left open to external competition over the foreign producer.

So long as the question is treated from this standpoint, which is a perfectly sound and unobjectionable standpoint, we do not see that much change is likely to be made by the Imperial or the Economic Conference, or by anybody else. The Dominions are not likely to reduce their tariff barriers in order to permit British manufacturers to compete with their own manufacturers, and Great Britain is not likely to increase the cost of food to her own population and of production to her own manufacturers by imposing a duty on foreign food and raw material in order to please Dominion producers. In our opinion the real question is not whether the existing arrangement, which works satisfactorily but has no very decisive results in any direction, can be modified, for we do not believe it can in any important respect, but whether it is not possible to lift the consideration of the whole fiscal question from the sectional to the Commonwealth plane.

Is the present theory, that it is best for each part of the Commonwealth that it should determine its fiscal policy regardless of the rest, as true to-day as it was before the war? Is the idea that there might be free trade within the Commonwealth really so distant and absurd as most people seem to believe? One of the main reasons for the astonishing and continuing prosperity of the United States is the gigantic free trade area it contains, just as the greatest reason for stagnation in European trade is its fiscal barriers. The United States has such a huge market at home that it is not dependent for its own prosperity on

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world conditions, and yet, when it wants to do so, can compete effectively abroad because of the huge scale of its production at home. Moreover, as its experience shows, free trade does not mean that one part of the country, that which starts manufacture, keeps all the industry and the rest stays mining and agricultural. On the contrary, as the population has moved West, so has the centre of manufacturing activity. The question is going to be forced upon both Great Britain and the Dominions alike whether they can survive as separate self-contained fiscal units in a world where their competitors are huge entities like the United States, with 110,000,000 inhabitants, Germany with 60,000,000 inhabitants, and probably with close fiscal unity with some of its neighbours, Russia with 136,000,000 inhabitants, to say nothing of India and China, with more than 300,000,000 inhabitants in each. So far as Great Britain is concerned, is it possible for her forty-two million people to retain their position as industrial producers for the world, which they naturally held before the advent of Germany and the United States? It seems very doubtful, even though they retain free imports and pay the price of strangling their own agriculture and depressing the standard of living of their own workers. They will only hold their own in foreign markets if they have a sufficiently large secure home market to enable them to develop that large scale industry which makes the cost of so many German and American products so extraordinarily low. It is very uncertain whether a protected market in Great Britain alone would be sufficient and whether the disadvantages of protection in so restricted a market would not outweigh the advantages. But looking to the future with the inevitable development of the Commonwealth, would not the whole Commonwealth as a home free trade market, with some uniform measure of protection from the huge competitive agencies of the modern world, be very different? It is for Great Britain to consider whether it would not be worth while to secure a protected Commonwealth market

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for our products at the price of giving the Dominions a protected market for their food products.

Similarly with the Dominions. Is it possible for their huge empty spaces to fill up and be developed on the basis of their present policy? Has not the attempt to expand manufacturing industry strictly in proportion to the primary production of food and raw material something to say to their slow development? Experience goes to show that the expansion of primary production must always precede the development of manufacturing. Yet the home markets of the Dominions are hopelessly inadequate to absorb their primary products, which have in consequence to be thrown on the world's markets in competition with those of the United States, the Argentine, and in the future, of Europe, Russia, Siberia and elsewhere. It is at least worth consideration whether it would not serve the Dominions better to obtain a protected market in Great Britain for their food and raw material in return for giving to Great Britain a protected market for her own manufactured articles.

The effect of such a policy would be to slow up the development of new manufacturing in the Dominions for a time, but to stimulate primary industry and to draw population to new territories for the purpose, by transferring the production of Great Britain's needs in food and raw materials from foreign to Dominion soil. It would not extinguish manufacture, because distance gives a large natural protection, and, as already explained, manufacture always follows rapidly on the footsteps of population. On the other hand, it would help to diminish unemployment in Britain by increasing the market for manufactured goods in the Dominions, while also drawing to them its surplus population.

These ideas are not put forward as a considered conclusion, or as a proposal for the Imperial Conference to adopt. They are suggested tentatively as a contribution towards the solution of the difficult economic and popula-

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tion problems which confront Great Britain and the Dominions alike. Obviously, they involve some challenge to existing vested interests. Obviously, they could only be carried into effect after long discussion in each part of the Commonwealth, and probably only by degrees. But it does seem as if modern developments in industry and transportation call for a reconsideration of the policies which were adequate before the war. The idea of a free trade British Commonwealth is a natural corollary to the economic growth of the United States, Germany and Russia. The British Commonwealth is almost a natural economic whole in that it can produce almost all its needs in food and raw material, and, if its population is adequately employed in these primary industries, an immense market for manufactured goods as well. It is at least arguable that a system of inter-imperial free trade, leaving each part to fix its own protective duties against foreign products, to suit itself, would facilitate the better distribution of population and the prosperity and development both of the Commonwealth as a whole and of every part of it far more rapidly than the present system of trying to develop it, as Europe is trying to develop itself, in almost trade-tight compartments. Fiscal unity in the case of the United States, of England and Scotland, of the provinces of Canada and South Africa, and of the States of Australia met with opposition, for it disturbed their existing currents of trade. But there is no one who does not recognise to-day that it was for the benefit of all. It may well be that the fiscal unity of the Commonwealth would produce benefits of a like kind for all.

There is only one other point in this connection. Whatever decision may be come to about Imperial preference or free trade, it must apply primarily to the self-governing parts of the Commonwealth. It cannot be imposed by Great Britain on those territories for whose government she is responsible, because it happens to suit herself or the Dominions. That question must be settled on quite

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different grounds. Since the days of Warren Hastings it has been accepted as an axiom that we stand in relation to the non-self-governing peoples of the Commonwealth as a trustee. We have no right to impose upon them any policy because it suits ourselves. Their own rights and what is best for their own well-being must be the standards by which we conduct their government. Obviously, for instance, the fiscal policy of India ought to be determined by the Indian Legislative Council. There is also the question of foreign nations, and whether it would not be better to apply to all territories under foreign control the system of the open door. Neither France nor the United States does so. But Germany and ourselves have always done so.

V. EAST AND WEST

THE only other subjects of first-class importance that are likely to come before the Imperial Conference are the questions of Indian immigration and citizenship. They will probably be raised by the Indian representatives.

The Kenya controversy has recently brought both these questions prominently to the fore. The terms of the settlement which the British Government has decided to apply to this particular case have been published, but no such settlement could, in the nature of things, achieve finality. As was pointed out in the last number of this review,* the issues at stake are far larger than those concerned with the relations and rights of white and Indian settlers in Kenya. They concern the future of Africa, the future of the White Dominions, the future of India.

Indeed, the real difficulty about all these questions is not so much the specific matter at issue as the background of feeling behind it. Nothing is more striking than the effect of the war on Asia. There is to-day among educated

* THE ROUND TABLE, No. 51, June, 1923, p. 522.

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Asiatics, whether in India, Turkey or the Far East, a determination no longer to bow down in reverence to the West. Fundamentally this movement of self-help is perfectly healthy, but it is going to give rise to a set of problems, aggravated by colour feeling, which are likely to become the chief preoccupation of nations in this century.

This question of Asiatic immigration is a case in point. If those parts of the Commonwealth settled by white men are concerned with migration, so is India. There is a feeling there that her people are going to be confined to the relatively overcrowded areas they now inhabit. To the Asiatic complex about status is now being added doubt about opportunity in the future. This feeling may not only lead to great difficulties in working out the problem of Indian self-government along constitutional lines. It may have a far-reaching bearing upon the future of the Dominions. The Dominions, one and all, are committed to the policy of preserving their countries as homes for white colonisation only. In that they are unquestionably within their rights, and nobody who has studied the terrible effect on all parties of settlement by races of different colour in one territory will dissent from the view that in the present stage of our civilisation, at any rate, it is the sound policy to adopt. But it is equally certain that with the growing self-consciousness of Asia, the policy of keeping the Dominions as homes for the white races, especially if as at present they are kept as relatively empty homes, may not prove practicable unless a simultaneous attempt is made to find adequate opportunities of life for the millions of Asia.

There is no question of more importance to the future peace and progress of the world than a fair distribution of opportunity to all its peoples. It is a difficult question. The Kenya problem has brought to light that Europeans, Asiatics and Africans all have their rights. But their difficulties will only grow more insoluble if they are allowed

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to drift. Not the least of the responsibilities which rest upon the peoples of the British Commonwealth is that of adjusting the relations between East and West by peaceable means, and so preventing explosion in revolution and war. The Imperial Conference, just because it contains independent representatives from all the self-governing portions of the Commonwealth and from India, is admirably suited, sometimes to decide, but more often to ventilate, these issues. The real trouble is not with the leaders, but the peoples. What matters is that the facts should be explored and the views of every part fairly stated and explained in a friendly, candid spirit, so that the leaders of opinion in each part of the Commonwealth may be able to inform public opinion of what the problem really is, and of the snags which stand in the way. That is the only way in which means will gradually be found to reconcile the policy of keeping the Dominions white, with the steady development of constitutional self-government in India and other not yet self-governing parts of the Commonwealth, and of pointing the way to the solution of those problems of East and West which, if they are controlled by violent colour prejudice, will inevitably plunge the world into perhaps the most terrible era of bitter and universal war that it has ever known. Consultation is the necessary link between the self-governing nations of the Commonwealth. It is no less the indispensable link between the white races and the coloured which are its citizens.

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WRITING on the shore of a Swiss lake, amidst a rich harvest of peaceful labour and beneath the shadow of the unchanging mountains, one finds it difficult to realise that the two neighbouring nations are at war and the economic life of a great part of Europe on the brink of chaos. Yet no other name than war can aptly describe the present relations of France and Germany. Though the loss of life in the struggle of the last seven months is insignificant by comparison with the standards of open belligerency, the moral, social and economic consequences are in many respects more serious. We have reached a point at which the financial and economic problems of Germany begin to seem insoluble. So rapid has been the depreciation of German currency that the current revenue is no more than two per cent. of the expenditure. The industrial output of the Ruhr area has fallen to a fraction of its normal value, and the obstacles which have been thrown in the way of trade between occupied and unoccupied territory tend in an increasing degree to hamper all German productive activity. Politically the German people are being driven into the two extreme camps of communism and reaction. Morally they have no alternative to fatalism. Their enemies have little to put to the credit of a tyrannical use of force. They have achieved little in the Ruhr except disorganisation. Their national financial position has not improved but steadily deteriorates. The name of France has become a synonym throughout Germany for

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all that is most profoundly hated, and in the world at large an object of suspicion and distrust.

The British people have watched the events of the last few months with remarkable patience. They have seen their trade dwindle and they are now confronted with the approach of a fourth winter of unemployment which seems certain to be more severe even than the last. They have stood by while their army on the Rhine was encircled by the French and left powerless to carry out its obligations to the population of its area. They have supported the proposals of their own statesmen for a settlement only to see them rejected in Paris without discussion. Nothing but loyalty to the memory of common sacrifices in the struggle for liberty and the profound national reluctance to give up a friend have enabled the British nation to carry tolerance to such lengths. THE ROUND TABLE has not hesitated in recent months to suggest that neutrality, from whatever motives it sprang, was an attitude inconsistent either with the honour or the interests of the British Commonwealth. That view has been confirmed by events. It has become difficult not to feel convinced that neutrality, far from facilitating a settlement, has stood in the way of one. France has acted on the perfectly clear principle that force will cut every knot; if not immediately effective, it must succeed in the end; and he who possesses force can afford to wait when his enemy has none. So long as the French Government can rely on the maintenance of the Entente as a cardinal point of British policy, so long will it be free to act entirely in accordance with its own faith. It has ceased to believe that we share its principles, but it can regard the divergence with indifference provided we refuse to act on ours.

The negotiations of the last two months are still, as this article is written, illuminated only by the half-light of a partial publicity. A summary of the British Notes to France was given by the Prime Minister in his statement in the House of Commons on August 2, but the text has not

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yet appeared in print.* All those, however, who have read the two documents now published by the French Government—their instructions to the French Ambassador in London in reply to the British questionnaire of June, and the French Note of July 30—will feel that they have probed to the heart of the controversy. M. Poincaré, whose authorship of those documents has been freely advertised by the French Press, is master of a style in this kind of composition which has at least the one great merit of incisive, almost brutal, clarity. It is not difficult to summarise fairly what he has to say, but no summary can do justice to the vigour of the original.

“The French Government,” says M. Poincaré in effect, “is always glad to discuss these questions in a cordial spirit with its Allies, provided the conversations are conducted through the embassies and no attempt is made to lure us into a conference or to seek publicity. It is true that there are one or two cautionary remarks which we ought to make. We can have no dealings with the German Government until they put a stop to passive resistance. By that we mean that they must cancel all their public declarations, as well as their secret instructions, on the subject. We are bound to insist on this condition because we laid it down in a public statement in Brussels some months ago, and no French Government can go back on what it has said in public. You ask what changes will be made in the régime of the occupied area if passive resistance ceases. No doubt we shall be able to make changes, but we cannot bind ourselves in advance or adopt any formula which will prevent us later on from keeping things as they are. Certainly there can be no question of our allowing the two things—the cessation of passive resistance and the introduction of a modified régime—to operate simultaneously or in any sort of relation to one another. We ought to remind you, too, that we shall stay in the Ruhr until Germany pays in full.

* This article was written before the correspondence with the Allied Governments was published in London.

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We said that also at Brussels. Apart from that, the Germans did the same in 1871. As to the German debt and the suggestion that it should be brought into relation to German capacity to pay, you appear to have forgotten the Treaty of Versailles. There is nothing there about any impartial tribunal of experts, but there is a great deal about the Reparations Commission. The Commission has already fixed the amount of the debt, and its decision can only be altered if the Allied Governments are unanimous. We need hardly add that they are not unanimous, though, of course, we shall be glad to reduce the amount if you will make yourselves responsible for the whole reduction by cancelling our debt to you. However the amount were fixed, Germany would never be satisfied. The German mind understands coercion and nothing else; that is why we are in the Ruhr. The word of a German Government is worthless. No sooner has Germany given undertakings than she has repudiated them. Wilful default is her settled policy and the cause of all her misfortunes. If she continues her resistance to our lawful oppression, the consequences will be on her own head. She would have capitulated long ago if you had supported us, and you can put an end to the whole business and restore Allied unity by supporting us now. We should like you to understand, however, that short of this there is no rôle you can fill. We refuse to recognise you as a mediator.”

These two documents can offer no surprises in their tone or contents to anyone who has been brought into touch with representative French opinion in the last few months. By a polite fiction it has been customary to speak of the aims of France and Britain as the same, though the methods chosen for attaining them were different. Nothing could be more misleading than this antithesis. In aims, in methods, in their valuation of the results of the war, in their conception of the future of Europe, in their whole political outlook the two countries are poles asunder. Entirely characteristic is the attitude of France

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in face of the prospect of economic and political chaos in Germany. We need not expect magnanimity; there is a bitterness in these continental blood-feuds which it is best to recognise. What we find, however, throughout the Press, in every grade of society, amongst business people and officials, is a complete indifference to the fate of Germany, an entire absence of concern as to the future, even an undercurrent of pleasurable expectancy. The feeling was well expressed in a recent message from the Paris Correspondent of *The Times* :—

However things fall out, it is thought they will turn to the advantage of the French. Either Germany gives way, in which case the French consider that payments can yet be assured, and will have been assured by the operations in the Ruhr; or Germany breaks up, and in that case France is not only secure but can obtain compensation for herself.

This attitude is implicit in the public declarations of the French Government and it is confirmed by the cumulative and un rebutted evidence of French intrigue in Bavaria and with the separatists of the Rhineland.

Our own views on the political and economic aspects of the reparations controversy have been stated in previous numbers. They have become, we believe, with the progressive awakening of public opinion, steadily more fully coincident with the predominant British feeling. Now that the division between this country and France can no longer be concealed, it is worth while restating, however briefly, what we conceive to be the fundamental premises of British policy. The French case and the considerations which have led us to urge the adoption of a generous financial policy towards France have been more than once set out in THE ROUND TABLE.*

British interests—and they are indistinguishable from the interests of humanity—demand peace in Europe.

* THE ROUND TABLE, No. 39, June, 1920, p. 555; No. 48, September, 1922, p. 777; No. 50, March, 1923, pp. 238 and 281; No. 51, June, 1923 p. 505.

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We ask for peace on the broadest grounds. We believe in peace for its own sake, as the only state of society favourable to the exercise of those human qualities which build up rather than destroy, which create civilisation out of chaos. The British Commonwealth entered the war because of its conviction that its ideals of peace were being assailed; it endured the sacrifices of the war to the end in order to ensure for those ideals immunity from danger for the future. Holding these views, as it does, with all the force of instincts, the British Commonwealth is bound to regard the present state of Europe with the deepest apprehension. The dissolution of Germany would banish peace for a generation. It would unloose the racial jealousies and narrow national ambitions of the new and untried democracies of Central and Eastern Europe. It would substitute for an organic racial and economic unit a congeries of weak and insufficient States. It would subject the greater part of Europe to the domination of a military Power, deriving its strength not from its own numerical or cultural superiority, but in an ever higher degree from the fighting races of Africa. That is a prospect which no British Government can regard with equanimity.

That is the political aspect of the matter: there remains the economic. Without peace there can be no revival, only a spreading paralysis, of international trade. On the free pursuit and development of trade between the nations the British people are dependent for their very existence, half the world for its prosperity.

We believe that Germany, even after all that has happened in the last four years, can in the future make, and ought to make, substantial payments on account of reparations. But not unconditionally. The situation must in the first place permit of the maintenance of a stable government in Germany. It is idle to speak, in the language of the French, of exerting pressure on the great industrial interests in order to create "the will to pay,"

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if the effect of that pressure is to weaken the central Government and induce disintegration. So long as a Government exists in Berlin, it is a sign of the persistence of a national will: let that Government be submerged, and Germany and its industries, with the prospect of reparations, will vanish with it. A second condition is that the German currency should be stabilised and the German budget brought to balance. That is not even now impossible, or indeed, in the absence of any internal debt in Germany, very difficult. But the beginning of all German financial reform must be the fixing of Germany's external obligations at an amount which the opinion of the world is prepared to accept as reasonable and within Germany's capacity. It is often said that for the present state of their finances the Germans have only themselves to blame; they have deliberately practised inflation in order to evade their liabilities. Apart from the objection that it is inconceivable that any Government should knowingly bring about an economic situation such as that of Germany to-day, this theory does not account for the facts. It is true that the subsequent financial history of Germany has suffered through the glaring unsoundness of the methods adopted by German Governments during and immediately after the war to finance the requirements of the State. A similar reluctance to impose adequate taxation at that time explains the present position of French national finance. But for the last two years it is not inflation which has brought down the mark; the printing presses have been engaged in a vain attempt to follow the depreciation of the currency. That depreciation has been a direct consequence of the world's judgment that the Allied claims for reparations were incapable of being met. It will continue until that judgment, or, in other words, those claims, are revised.

The theory of currency systems is not a popular study. For that reason it is not difficult for any street-corner orator, or his analogue who writes the leading articles of a

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certain class of newspaper, to demolish such arguments as we have used, to his own satisfaction and that of his audience, by a bald statement that the Deutsche Bank has paid a dividend of 300 per cent. or that the German mercantile marine is rapidly being rebuilt. If these things can be, who can doubt Germany's hidden wealth or her power to convert it into sterling or francs? This kind of argument still holds the field in almost any *milieu* in France; even in England it has had a vogue which cannot be ignored. As a currency steadily depreciates it is inevitable that those who hold it should seek to turn it into real values. If it is not ships which are built it will be something else. Employment is bound to be created, industrial prosperity certain to become apparent. To criticise the phenomenon is as irrational as it would be to blame the doctors for the spread of a smallpox epidemic in a country where vaccination was unknown. As to the fabulous dividends, it may be worth while for the writer to refer to the annual report which has just come to his notice of a well-known Swiss concern which has a controlling interest in an important German manufacturing company. For last year the Swiss company, in spite of bad trade, was able to show a substantial profit. Its German subsidiary was fully employed throughout the year and paid a dividend of 250 per cent. As the directors point out in their report, it would have needed a dividend of many thousands per cent. to give them even a meagre return on their original investment. Indeed, they found it necessary to appropriate all that part of their own profits, made in Switzerland, which would ordinarily have gone in the payment of a dividend to their shareholders, in writing down to their present value their holdings in their subsidiary companies in Germany and other countries suffering from acute currency depreciation. Here, surely, is a reminder that the wealth of Germany is in present conditions inconvertible into reparations. Far from German statesmen being endowed with the Machiavellian cunning

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with which some people credit them, one of the most hopeless features of the situation is their weakness. They simply drift helplessly. Their policy is purely negative, and the cause is not, as a section of our Press would have it, that they are fraudulent debtors, but that they are mediocrities. The old *régime* could work with no other type. The whole system was based on it, and in normal times it passed muster. But for evil times—and since 1918, when the old *régime* crashed, there has been nothing else—they need a Bismarck, and no Bismarck has appeared. The degree of political confusion that prevails in Germany to-day is extraordinary.

Political stability in Germany and a reassessment of the German debt are, then, in our view, essential prior conditions of reparation payments. The evacuation of the Ruhr is a third; and by that we mean not merely the withdrawal of the French troops and the restoration of mines and railways to the German management, but some arrangement which will give to the world at large a guarantee that German credit will not be subject to such onslaughts in future. The British Government has expressed the opinion that for security the Allies must look not to an indefinite occupation but to international control of German finance. For this there is the Austrian model, which, so far as it has gone, may be said to be a success; and competent observers have recently expressed the opinion that Germany would welcome a similar arrangement. Something of the kind may yet come; but it is well to realise that, while it may be a simple matter to control the public finances of Austria, direct intervention in German administration opens prospects of far greater difficulty. Given a reasonable settlement of reparations, there may well be found to be in Germany, what there was not in Austria, a national will to survive strong enough to carry through the necessary financial reforms. M. Poincaré, in his Note of July 30, remarks: "It is idle to hope that a figure can ever be fixed which the German Government

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will accept as fair and within its capacity; even if it did so accept a given figure, nothing would prevent it from going back on its word the next day." If that judgment were true it would cancel all hope of reparations. A lifetime of penal servitude, which seems to be the French remedy, has never yet reformed the habitual criminal. THE ROUND TABLE has long been of the opinion that Allied policy towards Germany since the Armistice has been vitiated not by an excess of trust but by a complete absence of it. The conception of the conqueror imposing his will on the vanquished—a conception by which M. Poincaré still lives and has his being—dominated the Peace Conference and has continued to dominate subsequent negotiations.

The two points of view which we have here given in outline are, it will be admitted, in fundamental opposition. After weeks of negotiation the Prime Minister has expressed doubts as to his ability to reconcile them. He has rightly put an end to the secrecy of past discussions. What next? The question was asked, not unnaturally, from many quarters in Parliament. Mr. Baldwin refused to commit himself. It is not one of the functions of this review to prescribe a foreign policy for the Government, nor to lay down the time or manner in which this step or that should be taken. Any Government has to proceed with regard not only to the international situation as it is revealed day by day, but to the views of its own supporters and of the nation at large. We may regret that progress has not been more rapid and that the Government has hesitated, from a respect which we believe to be exaggerated for the opinions of a section of its own party and of the nation, to propound a constructive policy and to act on it. But our primary duty is clearly to take our part in placing what we believe to be the vital issues before public opinion and in pointing out the favourable and the unfavourable signs of the political horoscope. It is from that standpoint that we put forward the views and the suggestions which follow.

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In the first place it is perhaps necessary to postulate that the British Commonwealth is not an interloper in a domestic quarrel between France and Germany. It has a direct interest, a claim to be heard, not less powerful than that of any other nation. It derives this interest and this claim from its part in the war, from its joint responsibility for the peace and from its peculiar susceptibility to loss and suffering through the maintenance of warlike conditions. It cannot therefore submit to be warned off by France, nor can it view with indifference the persistence of France, whatever her motives, in action plainly destructive of British interests. If French policy is to be invariable, if the ordinary procedure of discussion and argument is seen to lead nowhere—and in our view that moment has already arrived—then the British Commonwealth is bound to seek other means of securing a hearing for its views, even though that should involve open opposition to French aims.

In such a contest the British Government has rightly judged that its first and most powerful weapon is publicity. But publicity means more than the publication of a record of past failures. It means also an appeal to world opinion in favour of a constructive settlement. Admittedly, there is a certain risk in any attempt to mobilise public opinion against French policy. France may well seem to some of the smaller nations a Power still so formidable that discretion in opposition to her would appear to be the better part of valour. Great Britain, too, is a creditor nation, and there is no natural affection for a creditor. To some extent this country is prejudiced by its record in regard to reparations since the Armistice. It has been a party to insistence on absurd claims, it has flirted once at least with the threat of occupying the Ruhr, it has failed to make any protest against the illegality of the present French proceedings. These are not trivial considerations. But against them must be set the feeling of the neutral nations, which is at least as strong as that of Great Britain itself, that French policy is leading only to the ruin of Germany, and that the

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ruin of Germany would be a disaster to Europe. On the one condition that the British appeal was bold, generous and comprehensive, we believe that it would be met with a response great enough to influence French opinion, not, indeed, to accept a settlement imposed on it, but to take part in devising a settlement that would meet the real needs of France as well as those of the rest of the world. Whatever may be the risk of failure in an effort to find a constructive solution, the risks involved in the only possible alternative of leaving France a free hand seem to us to be far greater.

We are not in favour of offering any special military guarantee or pact to France for reasons that are stated in an article on the Imperial Conference, which appears elsewhere in this number. Such an arrangement, whether direct or under the ægis of the League of Nations, would inevitably involve us too deeply in continental politics, and the events of the last few years have shown that the differences between our own standpoint and that of France are fundamental. The French would, moreover, certainly expect a degree of military preparedness and co-operation to which the British people would be loath to commit itself. An entente is a different matter, for its obligations are obviously subject to the adoption by each nation of a policy which is not irreconcilable with the standpoint of the other. We should, however, as has been made clear in *THE ROUND TABLE*,* be prepared to go further than any British Prime Minister has yet done in the matter of international debt to meet the French point of view, for exceptional sacrifices are, in our opinion, justified to obtain a settlement. We are in general sympathy with the letter from Mr. Keynes which was published in *The Times* on August 6.

Lastly, there is the deadlock in the Ruhr itself. National *amour propre* is now deeply involved on both sides. The French will not climb down and the Germans will not

* *THE ROUND TABLE*, No. 48, September, 1922, p. 769.

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stop passive resistance. The only scheme that seems to offer some prospect of cutting this Gordian knot without too much loss of face would be the substitution of some form of international administration for the French occupation. The concurrence of Germany would, however, be essential, and she would have to take her part in the new *régime*.

It is, however, necessary to do more than make proposals with a view to peace. We must make up our minds what is to be our course if this attempt fails, as so many others have failed. The continuance of our old attitude is out of the question. It would soon leave us without either friends or respect. The uncertainty that goes with it is bound to lead to misunderstandings, and in international affairs misunderstandings sometimes leave more bitterness than war itself. If our proposals are rejected by France, the matter cannot simply rest there. It is bad policy from all points of view for a Director to sit on a Board when he entirely disapproves of the policy the Board is carrying out. It would in the end lead to a greater chance of settlement if in such an event we were to withdraw altogether from Germany. We should leave France to face the situation alone and withdraw altogether from the Rhineland. The difficulties of the situation are increasing there every day with the pressure of rising prices and the growth of disruptive influences. The social and economic structure of German life is shaken even in the Cologne area, which has for so long been an oasis, and we may find ourselves before long committed by the mere duty of keeping order to the same employ of ruthless force as the French themselves, notwithstanding our disapproval of their methods.

As for the inter-Allied commissions, there may be inconveniences in withdrawal, but they cannot, in our opinion, outweigh the disadvantages of continued representation on the bodies which are now carrying out a policy in respect of Germany of which we entirely disapprove. We should recall our representatives.

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At the same time, we should make it clear to France, if she rejects our proposals, that our withdrawal implies no abandonment of any of our privileges, whether under the Treaty of Versailles or otherwise. We should reserve the right to claim our fair share of any reparations that may be recovered, and the debt France owes us would also remain in force.

CHINA

I. THE STATIC CIVILIZATION OF CHINA

IT would be difficult to make any statement about China and the Chinese which is not at least partly true. The country is so big, it ranges over so broad a belt of latitude and longitude, of climate and of geographical differences, that it holds within its borders an infinite variety of human types and human problems. Life must accommodate itself to the dry brown plains of the North, to the highly irrigated and densely populated areas of the Yangtse Valley, and to the tropical South, as well as to the pastoral life of the mountains and high plateaux, or to the long winters of Manchuria and Northern China, where the soil is frozen several feet deep and all activity ceases for months at a time. The Chinese people, although now a homogeneous whole, is composed of many different stocks, with types as divergent as the burly six-foot Shantung man and the slight, alert Cantonese. They are honest, industrious, generous and kind, the most tolerant people in the world. Yet official corruption, a happy-go-lucky temperament leading sometimes to considerable laxity of thought and conduct, and even outbursts of panic—the result of timidity—such as appeared during the Boxer Rebellion, can be quoted against them. There is little wonder, then, that visitors to China, to whom we are largely indebted for our current literature on the subject, have recorded very different impressions of the country and its people. Most of the China-hands, the men and

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women whose careers are spent in China, are confined by circumstances to one of the Treaty Ports, where they live in the midst of a foreign community, and of English-speaking Chinese who are divorced from their homes and traditions. A few spend their brief China years in the romantic but somewhat exotic atmosphere of Peking. And a few men and women, chiefly missionaries, have even lived in the interior; but they have generally tended to become associated with a special type of Chinese and to focus their interest on a particular phase of life and thought. There are not, therefore, many authoritative works about China such as will help us to understand the thoughts and the problems of her people as a whole. Only a handful of foreigners have a knowledge of the language sufficient to enable them to appreciate the classics of China's literature on which are built the foundations of her culture. The real meaning of her old civilization escapes even the most patient student who is dependent on simple observation, and we shall probably have to wait for a Chinese to interpret Chinese civilization to the West in adequate and intelligent terms. For the present we must not be surprised at the divergent accounts of the country which we find in the Press and in current literature. We read that China is without a Government and in a state of political chaos; and, on the same day, that China, alone among the empires of the world, has evolved a civilization, based on a social fabric of immemorial toughness and vitality, which has really stood the test of time. Both statements contain an element of truth. Our difficulty lies in interpreting them.

The travels of Marco Polo in the thirteenth century remain to this day one of the best records of China. Ser Marco visited the country in one of those heyday moments in her history which mark the progress of every civilization. He judged the country by the Venetian standard of his day—admittedly a high one. Marco Polo was vastly impressed with China. Travellers in the days of the

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early Manchu Emperors, Kang-Hsi and Chien-Lung, say 200 years ago, would have found conditions much as Ser Marco found them. It is doubtful whether a more pleasant civilization has ever existed in the world. In 1760, when the country had been ably administered, and security of life and property had been well established for two generations, the population amounted to only 150,000,000, and the country had not begun to suffer from the undue struggle for existence which has harassed a population of 400,000,000 in recent years and proved a fruitful source of unrest. It was a country of prosperous farmers, each cultivating his own land and enjoying membership of a society based on moral law. It would be difficult to imagine a more delightful life than that of such an emperor as Chien-Lung, scholar, philosopher, traveller, artist and sportsman, an able administrator, with abounding health and vitality, the friend and patron of arts and industries, and withal, Vice-regent of Heaven. He journeyed leisurely across his broad dominions, acclaimed by a prosperous and peaceful people, Emperor of the "Middle Kingdom," arbiter of elegance and of all that was desirable in the known world. Such was China in the 18th century, a source of pride to its own people and of envy to the outer world.

Let us now plunge into the China of to-day, its Government paralyzed, its finances in a muddle, its trade and communications disorganized by brigands, its currency debased, and its international credit disturbed by the scant respect accorded to its international obligations. The interests of the foreigner in China, and of the foreign investor in Chinese securities, are naturally affected by the prevailing confusion. That confusion, therefore, tends to be the keynote of all accounts of China in the West. Let us try and discover the reason for the troubles, in the hope of finding some remedy. But let us always remember that the troubles are mainly on the surface, and that the life of the Chinese people goes on, their agricultural

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activities little affected by these passing shadows, their local administration little embarrassed by the lack of a central Government, the toughness of their social structure unimpaired, the current of their great civilization little changed. There is only one great change that is going on slowly and almost imperceptibly. For 4,000 years the Chinese have been content to be a Society of Peoples. External pressure is forcing them to become a Nation.

We need not go back many years in our search for the beginnings of this Chinese national spirit which may have a far-reaching effect on the world's affairs; for a new nation of 400,000,000 vital, vigorous spirits may prove no small problem, unless it finds a footing of true harmony with its neighbours. During the last century the various Powers of the West and the East have battered their way into a somewhat unwilling China. The Chinese, born traders as they are, had long encouraged the trader from the West, but they chose to regard him as an outer barbarian and to permit him to trade within their borders on their terms, and on their terms alone. The light-hearted adventurers of the last century were unaccustomed to such an idea. They were quite as keen to trade as the Chinese, but they were determined to secure recognition as representatives of the great trading and sea-faring nations of the West. Such recognition was, in fact, secured after two wars, which resulted in the conclusion—one might almost say the enforcement—of those treaties on which the foreigner now conducts his business and passes his life in the Treaty Ports of China. Among the most cherished of his treaty privileges are the rights of regularized taxation for his goods; and of extraterritoriality, by which he lives and trades under his own laws, and in such conditions of sanitation as have recently become so highly regarded in the Western world. So long as the foreign traders were few in number, and of reputable habits and good manners, the Chinese showed

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little objection to their presence or their privileges. Recent increases in the number of resident foreigners, however, their growing jealousies amongst themselves, their competitions and their exploitations, have stirred in the Chinese mind grave questions as to the equity and the expediency of these privileges, which have already led, and may well lead again, to dangerous outbursts of feeling against the foreigner and all his ways.

We must remember that China remains to-day much like England in the beginning of the reign of King George III. It is a country of open fields and free passage. There is no law or thought of trespass. There is, indeed, little need for laws at all. For all practical purposes the Chinese are members of a society of peoples in which each family and each village, each clan and each guild, governs itself, arranges its own affairs and attracts little attention from its neighbours or its governors so long as it behaves respectably, minds its own business and avoids scandal. Four thousand years of experiment have achieved very successful results in the disposition of every social problem. Over large areas communications are confined to the leisurely progress of the waterways, with their picturesque junks, their charming bridges and delightful riverside villages. On the great northern plains where no waterways exist, pack horses, pack mules, litters and sedan chairs can be seen to-day, much as they were on the English highways two hundred years ago. The same classical, static civilization exists. Culture and social intercourse are the pleasures of the people, confined to no class but the portion of every Chinese. The idea of progress has not yet penetrated China, and the more thoughtful Chinese who have come in contact with it in Western lands, are beginning to doubt the essential efficacy of that idea. They see that progress has developed mainly on material lines, and they doubt whether even science has added much to the real happiness of mankind. They regard the materialism of the West with frank horror.

Political Effects of Railway Development

Experience has taught them the desirability of leisure, the happiness that is found in eliminating rather than in accumulating desires, the satisfaction of quiet work and the futility of riches. It is true that a few of the newly-rich have ensconced themselves in the security of the foreign settlements where they lead a luxurious and ostentatious life entirely out of harmony with Chinese ideas. But they are too exotic a growth, too transient in their influence and interest, to need much consideration in a general survey of the country's story. It is reported on good authority that China now possesses more gold than any other country, more even than the United States of America, but it is difficult to discover in China whether a man has wealth or not. If he possesses silver and gold, either modesty or timidity impels him to keep them buried in the ground. Rich and poor live very much alike. And each man is responsible for his neighbour.

II. THE POLITICAL EFFECTS OF RAILWAY DEVELOPMENT

INTO this static world the foreigner has recently introduced some seven thousand miles of railway, little realizing how far he was going to disturb the equilibrium of this peaceable old country. The railways, with their facilities for quick transport of people and of goods, had an almost immediate effect on the life of the people who lived within their zone. Young men have been removed from the influence and tradition of their families. Farmers have been tempted to produce not for themselves and their own families alone, but for distant and fluctuating markets. The railway revenues have provided wonderful opportunities for those fortunate gentlemen who secured control of them. And last, but not least, they have afforded means of exercising over large areas a military pressure such as had never been contemplated in the history of the country. The present system of military government,

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under which a number of rival leaders have collected hordes of hungry lads from the over-populated northern plains, armed them with rifles, and used them for their own political ends, has proved a curse to the country at large, and the evil has certainly been accentuated by the fact that the operations of these military chiefs are no longer confined to small areas, but are extended throughout the country as far as the railway zone extends.

The extension of the railway system, provided that it was freed from interference by local military chiefs, might prove the simplest method of unifying the country, of creating a central authority representative of the various provinces, and of stimulating the productive forces in the country sufficiently to maintain the present heavy population in reasonable comfort. But the continued existence of the railways without effective central control or national responsibility is a perpetual menace to internal peace and prosperity, and a temptation to every form of exploitation.

One other factor has proved a fruitful source of unrest—the existence of large numbers of armed bandits, who hold to ransom members of any Chinese family suspected of possessing hoarded treasure. The country has seldom been free from bandits, but the modern type is better armed and better organised than has ever been the case in the past. The bandit chiefs are often men who have been driven from office with some turn of the political wheel, and who have retired to the mountains with their followers, retaining their rifles and even their uniforms. Or they may be men with political aspirations, seeking office and the fruits of office, and determined to win them by force of arms. The steady flow of rifles and ammunition into the country during the past few years, with foreign connivance and in spite of the arms embargo, has enabled the bandits to hold their own against constituted authority, to levy tribute from chambers of commerce, private persons, and occasionally even from foreign captives. The recent wrecking of the express train from Shanghai

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to Peking, and the capture of a number of foreign and Chinese passengers, is the worst outrage that has been committed, and the first demand of the bandits was their enrolment in the national army.

There is no effective central authority having the power to suppress these bandits, to free the railways from the control of local military chiefs, to repress illegal taxation, to stabilise currency, to enforce unity of policy on any national issue, or to maintain the security of life and property which is essential to the maintenance of ordered society.

Some effective central government appears essential for China now that she has begun to develop her means of communication and to take part in international affairs. She must have some machinery for controlling such new-fangled national responsibilities as railways, which affect the life of the whole country. And she must have some voice with which to speak to the foreign nations, her neighbours, with whom she has come into belated and unsought relationship.

China has no tradition of central government. The various dynasties that have ruled over her have made little pretence of governing the country. It would have been impossible for them to exercise any very direct or effective control over so vast an area so long as communications were confined to cart-roads and junks. The Imperial Court was little more than a link between Heaven and Earth. Through the ages the Emperors have been recognized as the Sons of Heaven, their authority based on a moral code by which they were held responsible to Heaven for the welfare of their people. They exercised a certain moral control through imperial edicts, of which the Sacred Edict of Kang-Hsi is perhaps the most famous example. They received a small and little-disputed tribute. They exercised a unifying influence over the provinces by the nomination of the higher officials. Their authority rested not on power but on prestige. The sentiment and

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mystery attaching to a theocratic form of government, indeed, were of high value in this land of vast distances and poor communications.

Under the Imperial régime the officials were well styled the fathers and mothers of the people. It is true that they paid for their offices before proceeding to their distant posts, but that was the only way in which the Court could be sure of any receipts from them. They led lives of the greatest simplicity. Even the Viceroys were housed in *Yamens*, of great dignity and beauty it is true, but with bare floors, white-washed walls, empty halls and little comfort. Their only possible channels of extravagance were their clothes and their food; their only distractions the social gatherings round the dinner-table, when they discussed the classics and the things of the mind rather than current politics. The dinner parties in the old *Yamens* were delightful ceremonies, with the drums and trumpets sounding the closing day, the windows thrown open to an old-world garden, the circle of genial faces round the candle-lit tables and a flow of conversation at which the Chinese are past-masters. No one who knew these old officials intimately can have any doubt that they represented a dignity and decorum which was a great asset in the world. They interfered little with the people, coming in touch with them only when some scandal broke the even tenor of family or village life. They lived on the taxes, and the taxes were very light before the military demands of the last 20 years harassed the provincial exchequers. They made their perfunctory but regular contributions to the Imperial Court. They administered indifferent justice and exercised a loose administration. The people ruled themselves. Nowadays the authority of the officials is no longer maintained by prestige alone. They must have force behind them if only to resist the importunities of stronger neighbours. The Tuchun keeps up his army. The district official maintains his police. Both armies and police and their bandit rivals must live

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upon the country. Heavy taxation, military levies and looting are the result.

The power of the military leaders has been spread over gradually increasing areas with the extension of the railways. Those railways, which have such splendid possibilities for good from an economic point of view, have proved politically disruptive. The railway revenues have been used for the maintenance of unnecessary troops, the railway lines have furnished the machinery for their successful operations.

III. THE NEED OF ORDERLY FINANCE

THE foreigner was responsible for the introduction of these new and disturbing railways. The Chinese have proved unexpectedly proficient in their technical operation, but they have not yet the experience to cope with the new problems that have followed their introduction. It would certainly hasten the restoration of order if the Chinese would draw on the administrative experience of the foreigner to transform the railway system into a real national asset.

The young ex-Emperor and a small Court still remain in the Imperial Palace at Peking in a state of dignified though impoverished retirement. The Government of the Republic consists of a Cabinet, nominated by and dependent upon the military over-lords; and a Parliament which appears to exercise little power and to recognise no responsibility. The traditional revenues, the tribute from the provincial exchequers derived mainly from the land tax, have ceased to reach Peking. The Government subsists on such surpluses as remain from the Maritime Customs after the foreign loan service has been met; on the salt revenues, collected under foreign supervision, but subject nowadays to serious provincial interference; and on the revenues from the railways. The representatives of Government are

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obliged to remit most of their receipts to the military overlords for the upkeep of their armies, and thus live from hand to mouth, in constant negotiation with striking ministries, educational institutions and police whose pay is always in arrears.

The railways are at the mercy of the military, who commandeered rolling stock, transport troops and produce without payment, rifle the station tills and refuse to recognise any responsibility for debts owing to the foreign suppliers of the material necessary for maintenance.

Every railway in China is a potential gold mine. The passenger traffic is abundant, for the common sense of the Chinese soon taught them that it was cheaper to travel quickly by rail than to walk and to pay for their food when going on long journeys. The goods traffic also is flourishing, and every station along the main arteries of the railways is always piled with cargo. The failure of the railway administration to meet debts for material is therefore unpardonable. Up to the present the service of the railway loans has been promptly met, however, and there seems little reason to fear that those loans, which are national obligations, will be disregarded. In the unlikely event of the funds for the loan service failing, as a result of increasing demoralisation on the railways, those debts may become a charge on the foreign-controlled Customs revenue. If that should happen, China's creditors will have real grounds for anxiety.

The Customs funds are already carrying the entire service of the loans secured upon the salt gabelle, and, in addition, the service of a number of domestic loans which have been fathered by Sir Francis Aglen, the Inspector-General of Customs. The bulk of these domestic bonds is held by the big Chinese banks, which might collapse if the service failed. Those banks are probably the most stable factors in the financial and economic life of the country. In fathering these loans, therefore, the Inspector-General was no doubt guided by a desire to maintain their credit—which represents the mobile internal credit of the country—

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and to associate the native bankers with the foreign creditors in any financial arrangement for re-establishing the credit of the country. He also saved the Customs surpluses thus employed from being squandered on further adventures. This allocation of Customs funds can be defended as a measure of urgency. But it would be fatal to China's credit, and to the interests of legitimate trade, to tamper any further with Customs funds for any purpose outside their legitimate sphere—the protection of trade from irregular levies.

Apart from the loans secured by the Customs, the principal obligations of the Government are a number of loans incurred by successive ministries for unproductive purposes—mainly for political and military adventures. The major portion of these loans has no doubt gone into the pockets of the military leaders and the members of the Government, through whose influence they were contracted. Some of these debts have been incurred from ignorance of the financial and economic needs and responsibilities attaching to such substantial obligations. Be that as it may, the majority of the funds has undoubtedly been squandered. The largest unsecured obligation is that of a group of Japanese banks, generally known as the Nishihara Loans. But the subjects and citizens of many of the great Powers have advanced money or material on little or no security, and the service of the unsecured debt is heavily in arrears.

The method of rehabilitation is not easy to devise. The Washington Treaties have made provision for an increase in the Customs revenue, by means of surtaxes, thus raising the tariff from a 5 per cent. basis to an eventual 12½ per cent. From the moment of this decision, and before ever the surtaxes could be enforced, there has been a regular campaign to secure the allocation of the surtaxes for every conceivable purpose, legitimate and illegitimate alike. The holders of unsecured loan bonds, the suppliers of material to the Government on unsecured credit, the suppliers of smuggled

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arms, and the most flagrant financial exploiters have all advanced insistent demands for a lien on the proposed Customs surtaxes.

The steady focussing of these demands on that one source of security is the highest possible tribute to the stability and integrity of the Customs administration. But such proposals are fundamentally unsound and unfair to China. Many of these debts, perhaps all of them, will have to be met eventually. The railway loan service should, and could, continue to be met from the railways. The other debts should wait until some recognised government is established, which need not necessarily be a long time. But no new money should be freed or advanced for any such purpose, or to any government institution, until the financial situation has been thoroughly investigated and some guarantee secured for a proper administration of funds. We have no right to be a party to any transaction which will pledge Chinese securities for purposes opposed by the will of a large section of the Chinese people. Every penny of the increased Customs revenue will be needed to deal with the problem of inland taxation. The provinces will have a clear right to some continuing compensation for the surrender of their right to tax trade within their borders. The first duty of the Customs is to enable China to regularise taxation on trade, and thus to stabilise her economic position. Levies on the Customs revenues for other purposes will undermine the strength of the Customs position by stirring up Chinese agitation, and will thus shake the credit of the country and the security of trade. Irregular provincial taxation is increasing daily in response to the demands for military and other more legitimate local expenditures. It is strangling the trade of the country on which its financial recovery ultimately depends.

It is, of course, highly important that China should meet her legitimate debts and re-establish her credit. But this should be the task of a newly constituted central authority, not a step towards the creation of such an authority—into

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which process it would introduce too many complications and delays.

Such is the general financial position. It is one of confusion and temporary inconvenience to all concerned. But it is not serious. The potential credit of China, resting as it does upon a fruitful soil and a large and industrious population, is well able to meet all existing obligations if once a little system and order can be introduced into the present financial muddle.

Those who have had any long and intimate experience of China shrink from any suggestion of interference with the administration of the country, and, however bad China's financial plight may be, they would be reluctant to urge even an offer of assistance to disentangle the financial knot. The Chinese themselves, however, recognise the serious handicap of the prevailing confusion in financial and railway affairs, and evidence is not wanting that they would welcome some help from outside if they could be sure that it would be of a purely temporary nature, and that it would not interfere with the real administration of the country. It is not impossible, for instance, that they might be willing to formulate some scheme by which foreign assistance could be used in freeing the railways from their present encumbrances.* It would be a great advantage if at the same time an agreement could be made for the completion of the railway from Hankow to Canton. This would enable the South, the Yangtse Valley and Peking to keep in practical touch with one another and to react effectively upon one another in pursuing a common national policy.

* In an article entitled "The Malady of China" (see *ROUND TABLE*, No. 49, p. 105), we, last December, suggested for the adequate policing of the railways the creation of a special Chinese police force under a foreign inspector-general, a proportion of whose officers would in the first instance also be foreigners.

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IV. THE AIMS AND THE ACHIEVEMENTS OF THE WASHINGTON CONFERENCE

BEFORE attempting to examine the methods by which assistance could be afforded to China in the most natural and effective way by her foreign friends, it may be useful to review very briefly the events which led up to the Washington Conference. That Conference resulted at least in a general agreement as to the present position of China the mutual responsibilities involved, and the action which seemed most likely to prove helpful to her in her day of need.

Successive dynasties have held sway in the country, each passing away as its power has waned for maintaining security and peace. The mandate of the Manchus was exhausted with the defeat of China by Japan in 1894, the strangle-hold acquired by Russia on Manchuria, the acquisition by Germany of a dominant position in Shantung in 1898, the transference of Russia's rights in Manchuria to Japan after the Russo-Japanese War in 1905, and the general influx of foreign concessionaires which led to prophecies of the break-up of China some twenty years ago. The dynasty hardly survived the events of the Boxer Rebellion in 1900, and, although the old Empress Dowager held her own for a few more years, the revolution of 1911 and the establishment of a Chinese Republic were no surprise to those who watched the increasing discontent in all parts of the country. Foreign aggression, higher taxation and the growing struggle for life in a too densely peopled country bred dissatisfaction among the people, who felt that the dynasty had exhausted the mandate of Heaven and must inevitably pass away. No new dynasty appeared as a conqueror, a republican form of government was tried, and the country lost its one unifying influence when the Son of Heaven and the theocratic idea passed away.

Achievements of Washington Conference

From 1911 until to-day the forces of revolution have pursued their slow course. Unaided by an effective striking force, with no cue as to the government of a vast and loosely-knit area, and with no experience of modern national finance or administration, the officers of the new republican State soon found themselves powerless to control the provinces, and they surrendered themselves to a hand-to-mouth policy, contracting loans, granting concessions, mortgaging the national assets in response to pressure from newly created native militarists and insistent foreign lenders.

Torn by internal dissensions, China associated herself with the Allies during the great war, hoping that some relief would thus be found at least from external pressure. Her hopes were shattered at Versailles, when the German rights in Shantung passed to the Japanese. That act brought into being the first signs of a united national consciousness, which quickly vented itself in anti-foreign demonstrations. Japan was the most conspicuous figure, and bore the main brunt of ill-feeling. But the other Powers did not escape. England was the ally of Japan, and President Wilson was felt to have betrayed the cause of China. Boycotts ensued, and it was clear that the peace of the East, and the security of foreign lives, property and trade were in danger. The problem of China was accordingly submitted to the Powers, including representatives from China, assembled in conference at Washington in 1921.

The Washington Conference and the ensuing treaties have met with profound criticism on almost all sides in China. The Chinese complain that they did not receive all that they were entitled to from this representative gathering of the Powers. The foreign community in China think that China was encouraged to hope for benefits, and was called upon to carry responsibilities, for which she was entirely unprepared. It is true that China's advocates tended to overstate her case at the Conference

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and so to court criticism. It is also a fact that the internal situation in China has grown increasingly confused ; that she has not been very gracious in her recognition of Japan's honourable acceptance of her Washington obligations—the rendition of her interests in Kiaochow and the Shantung railway, and the withdrawal of her troops and wireless stations and post offices ; and that she has done nothing to justify the hope that she would set her house in order, in preparation for the abolition of internal taxation and the ensuing increase of the Customs tariff, and for measures preparatory to the gradual rendition of extraterritorial rights.

But we cannot overlook the fact that the Washington Conference was a notable landmark in China's history. Responsible statesmen representing every Power interested in the problems of the Pacific studied China's problem carefully and thoughtfully for the first time in company with China's own representatives. And they reached a common understanding as to future policy. It is unlikely that so much concentrated international effort will be expended in regard to China for many years to come. The conclusions reached at Washington, and embodied in the ensuing treaties relating to China, must form the foundation of future policy, and it will be a good thing for China and for all interested in her welfare and in the peace of the Pacific when those treaties become operative.

It is useless and unfair to rail at China for her failure to make good. Her machinery of government has been creaking since the establishment of the Republic. Time and patience and even active assistance from her friendly neighbours offer the only hope of making those treaties effective. International action has been paralysed owing to various delays in the ratification of the treaties, and China and her trade and the interests of her creditors have suffered correspondingly.

The only hope of speedy improvement is offered by action on the lines of the Washington treaties. Whether

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ratification is completed or not, the Powers chiefly interested must soon take some action. The policy which seems to offer the best hope of success is the speedy creation in China itself, but not at Peking, of a Conference on lines similar to Washington. There is no responsible Chinese Government in being, but, if the Powers gave evidence of their intention to proceed with their undertakings, and if the promised Finance Commission and the Commission on Extraterritoriality proceeded to China, the Chinese would, we feel sure, find means of providing suitable representation. The method of selecting their representatives must be left to them to determine, and the *de facto* powers, the governors of the provinces and the military leaders, would no doubt secure adequate representation. As to our own representation, it is important to remember that the Chinese are extremely personal in their business and political relationships. Men who have gained their confidence, and a personal prestige based on experience, would accomplish results where strangers would have little hope of success. We are fortunate in having among our elder statesmen and in our services men who are admirably equipped for the work in hand. The moral backing afforded by a gathering of trusted representatives of friendly Powers would be the best possible way of building up some recognised body of authority in China. That would almost certainly lead to the re-establishment of a central Government. Naval demonstrations and hints at intervention are useless. There is no one against whom to demonstrate, no point at which intervention would be either effective or safe. Interference of any sort would merely precipitate boycotts, thus embarrassing both Chinese and foreign vested interests. The Chinese are a sensible, practical people, and it is the duty and the interest and the responsibility of their neighbours who have a greater experience of the machinery of government to go to China, to stand by in a spirit of helpfulness, to hold themselves ready to examine with patience,

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and to support with their whole moral force, the solutions suggested by the Chinese themselves.

There need be no fear that the Chinese will try to precipitate the abolition of extraterritoriality. They are as conscious as we are of the difficulties and dangers involved. But they do ask for a sympathetic consideration of their point of view, for some action which will give promise of the righting of present wrongs and a gradual improvement of the present judicial and administrative situation. The practicability of such action is admitted even by those who are most conscious of the long road that has to be travelled before Chinese and Western codes and procedures can be brought into complete harmony.

Nor need we fear that they will try to avoid their debts. That is not their way, nor their tradition. But they are inexperienced in world finance and may need and request some help in finding methods for payment. Patience and sympathy and quiet unhurried work by experienced heads on the spot offer the only solution. There is no quick or sovereign remedy for the political ills of China. But there is a very real opportunity now for a new start on right lines. An honest attempt to put in practice the reforms outlined at Washington would hearten the solid elements in China, who are suffering far more than the foreigner from present conditions. It would tend automatically to re-establish a central Government. And until some authority recognised by the provinces is once more in being, the interests of the foreigner, his trade, his investments and his very security of life and property are adversely affected.

Foreign Trade and its Prospects

V. FOREIGN TRADE AND ITS PROSPECTS

ONE word about China's foreign trade. In spite of civil commotions, brigandage, disorder on the railways and a chaotic copper currency, her trade increases steadily year by year, as is shown by the Customs figures. China is undoubtedly the biggest and best undeveloped market in the world. Her increasing production and prosperity will add materially to the wealth of the world, and may help Great Britain and the Empire in particular during the slow process of rehabilitation in Central Europe and Russia. The Chinese are good producers and born traders, and all who deal with them with understanding speak in the highest terms of their business capacity and integrity. They will buy anything of real and practical value so long as they are shown how to get it and how to pay for it. The country has been self-supporting for so many centuries that it can do without anything from abroad unless it is delivered to its inhabitants under conditions which commend themselves to their practical sense and their national sentiment. It is possible to exploit the representatives of the Government, because they have not yet acquired a sense of national responsibility. It is uncommonly hard to exploit the people.

Experience shows that in this undeveloped country supply creates demand, and the main task of the foreign trader is to learn the arts of distribution. The Chinese is an admirable distributor; but he lacks experience in business organisation and consequent driving force. This experience must be supplied for the present by foreign help if the trade is to be greatly expanded. The volume of trade is still insignificant in relation to the country's producing and consuming capacity, chiefly because so few business houses have been willing to undertake the hardships and risks of direct dealings in the interior.

One other obstacle to any real expansion of trade is the

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irregular taxation in the interior. The provincial exchequers are increasingly in need of funds for military, and even for more legitimate, purposes, such as the building of roads, irrigation works and education. Trade has been fostered by the old treaties, which have done much to regularise taxation. But those treaties did not recognise provincial needs. Provincial tax barriers, *likin*, consumption levies, and such like, are consequently springing up all over the country, taxing foreign and native goods alike, and often paralysing trade. One of the most practical benefits which should result from the Commissions to be appointed under the Washington treaties is the regularisation of internal taxation and the recognition of provincial requirements. That is an absolute essential if the channels of trade are to be kept open.

Real trade, the buying and selling of goods in general demand, is the pressing British need in China at the present time. There has been too much tendency in the past to subordinate the requirements of trade to the insistent pressure of the financier, the concessionaire and the hunter for Government contracts. There has been honest and useful development under each of those three heads, but there has also been much exploitation, and it is bitterly resented by the Chinese people. If British trade is to find the full benefits of the great Chinese market it is essential that our policies should be steadfastly set against every form of exploitation. Our whole national interest has not infrequently been jeopardised by pressure exerted on behalf of unworthy causes. Boycotts and paralysis of trade have ensued. We have reason to hope that a new international era in China was started with the Washington Conference, and this country at least should set its face against any action or policy which is under the least suspicion of not giving the Chinese a square deal.

There is a trade depression at the moment, and the merchant in China is perhaps inclined to attribute it unduly to the disturbed state of the country. The prevailing unrest

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is no doubt partly responsible for the depression, but it is more fully attributable to world conditions. Production in China was unduly stimulated during the war; many foreign goods were sold to inexperienced Chinese immediately after the war on credit without adequate security; and the slump in the American and European markets naturally depressed China's products and handicapped her purchasing power. All these factors have embarrassed Chinese and foreign traders and industrialists alike. But trade can and will go on, even if no effective Government materialises in the near future. The foreign merchant will have to work with caution but with enterprise, pinning his faith to the honesty and enterprise of his Chinese customers rather than to Government support. Any interference with China's internal affairs will react unfavourably upon legitimate trade, and it will not be in our national interest to risk such interference for the sake of incautious adventures in the realm of supply or of finance.

VI. IS INDUSTRIAL DEVELOPMENT A MENACE TO WESTERN INDUSTRY ?

THE industrial development of China must naturally prove of interest to this country, and there is a constant question as to whether her vast supplies of cheap labour, her coal and her facilities for water transport will enable her to compete with more developed countries in the production of the common staples of modern industry. It may be useful therefore to review the present industrial situation in China and to try and estimate what is likely to happen in the near future. During the last few years cotton spinning and weaving have been greatly stimulated, and, especially in Shanghai, there is a tendency for large industrial centres to grow up and to produce practically every article which is in general demand in the country. The Chinese have an undoubted mechanical genius, and as

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a people they are generously supplied with brains. There are few things that the Chinese cannot do. But there is no evidence at present that they have any great desire to throw themselves into the life of our mechanical civilization. Their long tradition of agricultural life, their family associations, and, except in certain districts where the conditions are completely vitiated by over-population or excessive droughts or floods, the peaceful and happy life of hundreds of millions of people scattered over a very beautiful and very satisfying countryside discourages them from the trammels of industrialism. Their civilization has taught them that in the elimination, and not in the multiplication, of needs lies the road to happiness. But for the present over-population of the country, especially in the northern provinces, it is doubtful whether they would have accepted the idea of industrialism even as far as they have done. Added to this, there is little accumulation of wealth in individual hands. Few Chinese have any great personal possessions. Such money and property as have been accumulated are vested in the family or in the clan rather than in the individual, and are therefore less mobile for purposes of enterprise requiring heavy capitalisation. A considerable number of Chinese, however, have recently embarked on an industrial career, and it is not without interest that one of her most famous scholars, Chang-Chien, has founded and become the father of one of her main industrial centres at a little town about eighty miles up the Yangtse. Here he and his family, his friends and his dependents, own or control a number of industries over which he presides in patriarchal simplicity. It is difficult to discover whether the enterprises are conducted with due financial caution, for the Chinese have little experience in such undertakings, and have not yet realised the importance of upkeep and reserves. Chang-Chien's industries, however, appear to be flourishing. His mills are always busy, his fields produce his raw materials, and his people are well content. A great deal of his time and his profits are given up to works of charity. Every form of

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social institution, orphanage and welfare work is cared for under conditions which show the Chinese idea of the brotherhood of man and the right of all to participate in such advantages as come from joint endeavour. In this little territory there has never been any sign of industrial unrest. In the larger centres, however, such as Shanghai and Hankow, and along the railways, there is a growing sense of dissatisfaction with the new burdens of industrial life. People from the countryside drift into the mills and factories when crops are bad and conditions hard. At first they came in only as a temporary expedient, returning to their homes for the family festivals and for seed time and harvest. But every year marks the consolidation of real industrial communities, whose home is in the city and whose work is confined to regular shifts in the factories. It is not surprising that industrial conditions should weigh heavily upon a people with a universal tradition of village life. They are shut off from their simple religious festivals and family gatherings, from the occasional travelling theatre, from the reverence for their ancestors, from the handing on of tradition, which is their great and true form of education. And there is a consequent discontent. The family life of China exercised a marvellous discipline over its members. They surrendered much of their individual freedom in the interest of the community. But they retained an independence of all outside interference which has made them perhaps the freest people in the world. If industrialism is to succeed in China, it will be essential to realise these deeply rooted instincts. The hope of a definite money wage is a great lure to the lad or the girl from the country, who has known nothing of money in the past, and who finds the village lands increasingly burdened with the growing population. But town life is very expensive in China. Rents in such places as Shanghai are higher than in most of the great cities of the world. The cost even of their simple food and clothing is a heavy toll on their wages, and it is a question whether in the long run China will be able

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to produce much more cheaply than countries with a higher standard of living, where town life and industrial monotony are accepted as normal conditions of life. The Chinese are undoubtedly an industrious people. They will work in their fields from dawn till dusk unceasingly at times of high pressure. But they are also accustomed to long periods of rest, and they have an immense appreciation of all that that rest means, of the quiet elegances of life, of natural beauty and of social communion. There are at present no indications that China will jeopardise the industrial domination of any other country. She will no doubt pursue her present experiments. She may supply a great many of her own needs, may even export her products to the West, as she exported Nankeens for the breeches of our great-grandfathers. But the Chinese are essentially humanitarians, people of common sense, people with trading instincts and with a generous, humorous outlook on life in which the doctrine of give and take holds a very high place. There are as yet no signs that we have anything to fear from their industrial development. If they succeed in producing some of the things which we need, it is very sure that we shall continue to produce many of the things which they need. They cannot send their things to us unless the ships take back to them the things that we ourselves make. The increasing creation of wealth in China should prove an addition to the wealth of the world.

VII. THE WORK OF THE MISSIONARIES

THE missionary body is very strongly represented in China, where representatives of all the churches have pursued a courageous and self-denying policy, often under conditions of great hardship and even of danger. Their homes are scattered throughout the interior and, at least by their example, by their interest in education and by their medical work, they have won many friends

The Work of the Missionaries

among the Chinese. It is difficult to assess their exact influence on the spiritual life of the Chinese communities. The religion of China is a very intimate thing, bound up with the life of the family and the home. When one travels through the villages, one sees the taper lit before the family tablet in the evening, and hears the gong calling the attention of the spirits to the little sacrifice of prayer or of gifts which is offered day by day. The continuity of the family life as represented by the worship of the ancestors enters so deeply into the very existence of the Chinese as a people that it seems almost impossible to eliminate it without destroying the whole social structure of the country. To claim that the Chinese are without religion and a spiritual concept of life is to show lack of understanding of their life and thought; for they are in so close an intimacy with the spiritual world that it has become to them a natural and everyday thing, hardly to be spoken of, and evidenced only by their daily life. So much for the spiritual side. The sayings of Confucius and his disciples and commentators provide the ethical, the social, and to a great extent the economic, foundation on which the life of the individual, the family, the village and the State are based—not in a mere formal sense, but in actual reality. A number of the more thoughtful missionaries nowadays undoubtedly have grave questionings as to the influence of dogmatic teaching on all that is best in Chinese life; and one of the most hopeful signs in China is a communion of thought in which all the Christian churches tend to gather on the same platform in a spirit of tolerance which has claimed high respect from the Chinese. There now seems a possibility that within a few years we shall see a Chinese Christian Church, directed by Chinese, and evolving from the simple life and words of Christ a spiritual renaissance which will be in no way incompatible with their own cherished traditions.

China

VIII. CHINA'S NEW BIRTH

IN spite of many indications of unrest on the surface there is substantial evidence of a general renaissance in China, and of a more vital spirit than has been apparent in the last half-century. The figures of trade show a steady increase, experimental industries are springing up along the waterways and railways under Chinese supervision, the internal administration, in spite of everything, remains comparatively stable and effective, roads are spreading throughout the country, the towns and villages are being immensely improved, and there is a general sense throughout the interior of a brighter and more vigorous life and thought. Twenty years ago the country was going through a period of despondency. The aggressions of various Powers had endangered some of China's soil and China's sovereign rights, the opium habit had a stranglehold upon the people, and a spirit of depression was abroad. There is a very marked improvement nowadays. Native opium is, unfortunately, still cultivated and used, but the younger generation is free of the evil, the fashion of smoking it has passed, and it no longer saps the manhood of the people. Thought, education and effort are everywhere apparent. Many of the young men who have been educated abroad are coming back with new ideas, some of them no doubt ill-suited to China's own civilization, some of them ill-digested and disruptive in their tendency. But on the whole these influences will have a stimulating effect. The foundation of Chinese life is so stable and so tough, the vitality of her people so splendid, that she will certainly digest all these new elements and use them for her own strength. She has already learnt to repel aggression from outside by the overwhelming force of organised boycott. She is determined to work out her own salvation, and she will use the

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foreigner only so far as she is convinced that his services, his money, and his goods can be used for the development of her own idea of life. Whatever may be done to assist China in her present moment of need, it is vitally important that her real desires and her natural aspirations should have every consideration. She will, no doubt, try to free herself from the trammels of the old treaties. The Washington Conference realised this in a spirit of generosity and in a real desire to help. Let us not be impatient with the troubles that appear on the surface. The country is too big to be dealt with in any sudden and violent way. We must remember that even in the time of Confucius the countryside was beset with brigands and with warring factions. For 2,000 years the history of China has been a history of rebellion. But these rebellions have not disturbed the social fabric of that great system. It is as elastic as the system of England, and every bit as full of vitality and life. It must in the last resort work out its own salvation. All that we can do is to stand ready to help when we are called upon to do so.

ITALY UNDER MUSSOLINI

I

IN December last, an article appeared in *THE ROUND TABLE** dealing with the character and causes of the revolution which had two months before carried Signor Mussolini and his black shirt bands to power. As to the probable consequences of that event it was too early to do more than suggest alternative possibilities. After nine months certain things begin to emerge.

To take the internal aspect of affairs first. The Fascist revolution has not yet adapted itself to constitutional liberty and parliamentary government. The reason is, mainly, because the Fascisti prefer that it should be so. Some of them, including their leader, according to his own account, think that a long term of despotic government will be necessary before liberties as large as those held under the old parliamentary system can safely be restored. Others, making a cult of violence as the splendid privilege of "youth," are in theory and temper opposed to liberty of speech and Press and to parliamentary government. They regard these things as having had their day, and as "anti-quoted Victorian ideals" (to borrow a phrase from our own island), as slow, bourgeois, mediocre. For Fascismo has drawn much of its spirit as well as many of its leaders from the advanced revolutionary parties.

The municipal elections have in many places been carried through by the armed hand of the Fascisti militia, without

* *THE ROUND TABLE*, No. 49, December 1922, p. 30.

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any pretence of freedom of voting. In most places the police do not dare to act against the wishes of the Fascisti. Many of the cities of Italy are, as in the Middle Ages, subject to the rule of revived *Capitani del Popolo*, as we might call the Fascist officers: some of them are sensible and tolerant young men, others less sensible and less tolerant. It would be a mistake to suppose that this supersession of the liberties which the country has enjoyed for two generations past is generally resented. But Fascismo is less universally popular than it was nine months ago, because the loss of liberty is evidently not an expedient for the moment of revolution, but an essential part of the Fascist programme.

The Italians are still grateful that order is preserved, that work goes on daily without strikes, lock-outs or disturbances, that property is safe, that the central bureaucracy at Rome—the "Whitehall" of Italy—works more zealously and efficiently than of old. These are very real benefits, but the price paid has been a great diminution of liberty, and the rule of an armed faction. The balance of loss and gain is becoming more apparent and is differently viewed by different people.

The worst fault of the Fascisti is impatience of criticism. They seem to regard even the most moderate critics of their action as public enemies, and in too many cases they treat them as such. This severe practice is the more unnecessary and regrettable, because the new Government is really very popular, and most of its critics by no means desire its overthrow. It is fully recognised that the choice lies between Signor Mussolini and chaos. The Fascisti, some hold, have done more to endanger than to secure their power by their recent persecution of some of the best and most orderly elements in the life of the country. But their power is still safe.

Not even a Fascist deputy can speak in Parliament against the abuses of his own party without grave risk (as an unfortunate incident has proved) of being beaten within an inch

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of his life as he leaves the Chamber. The system of personal assaults crows criticism in all save the boldest. Opposition journals of the highest standing are being bought up or silenced by fear. The warfare of Fascismo is directed now not so much against the Socialists, who are down and out, as against those sections of the Liberal party and the *Partito Popolare* (Catholic Party) who still claim the right of criticising without endeavouring to overturn or replace the Government. It was just and necessary that the Physical Force Communists, when the former Governments failed to suppress "red" terrorisation of the country, should be met by the Fascisti with their own weapons. But people are now being threatened with the violent "discipline" of Fascismo, who themselves never resorted to violence and who are of all men most opposed to its use. They include some of the best friends England has had both before, during and after the war.

It is indeed possible, as it is certainly greatly to be hoped, that we have already reached the high-water mark of Fascist intolerance, and that the natural good sense and kindness of the Italian nature will reassert itself in answer to an undersurface swell of public opinion in favour of more liberty and less terrorism. It is a happy sign that as recently as the end of July Signor Mussolini suspended the application of the proposed law for muzzling the Press through administrative action, which had been drawn up on the lines of the French Imperial law of 1852. Signor Albertini, of the *Corriere della Sera*, the best paper in Italy, still maintains a temperate and courageous criticism such as any Government ought to be only too glad to have directed on its policy and acts. The *Corriere* lives under constant threat from the Fascist bands, but so far the Government has respected the liberty of the great paper. Commenting on the suspension of the proposed Press restriction law, the *Corriere* writes :—

If the evolution of Fascismo takes place within the constitution and in respect to the liberty and the guarantees that it sanctions, our

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greatest wish would have been attained and the aims to which the *Corriere* has constantly dedicated the whole of its activities will have been reached.

Perhaps Signor Mussolini should have held a general election as soon as possible after the revolution last autumn. He was regarded, with justice, as the saviour of the country, and he could then have obtained a Parliament devoted to his cause. He could have secured a great majority without resort either to methods of Fascist violence, or to the influences and chicanery of which Signor Giolitti and the old Governments were adepts at election time. But he decided to go on with the old Parliament, which had consented to become his obedient instrument. And now, apparently, he begins to fear that he has overstayed his electoral market. It may be doubted if he has really done so. But to make assurance sure he has forced through Parliament by his powerful will a new electoral law calculated to secure power for his party during the lifetime of the next Parliament. This result is to be obtained in the following manner. The new law will give two-thirds of the members of the Chamber to whatever party obtains a larger number of votes at the election than any other single party, even if it were in a minority as against the other parties combined. It is calculated that next time this party will be the Fascisti. But in 1919 it would have been the Socialists !

How far is this partial suspension of constitutional life in Italy to be attributed to the bad effects of the law of Proportional Representation ? No doubt that law had made it more difficult for any single party in Parliament to obtain a majority and to govern strongly and fearlessly. But that difficulty existed in Italy long before Proportional Representation came into force. At worst the evil was only increased by that measure. But after the war the rapid fall of Government after Government every six months, and the weakness in face of disturbers of the peace shown by each successive group of Ministers " clothed in a

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little brief authority," frightened and disgusted the Italian people and has led to the suspension of genuine parliamentary government. The party now in power, by a natural but exaggerated reaction, thinks that it is the chief function of Government to silence all opposition and to make itself obeyed by fear.

The lesson to be drawn from these events may or may not contain a warning against Proportional Representation. But it certainly conveys a warning on a more general issue. It is a warning that the first business of parliamentary institutions is not to represent to a nicety the balance of the various opinions in the country, but to supply the country with good government. People require to be governed even more than they require to be represented. The acceptance by the English of the Tudor despotism, after parliamentary government had led to the Wars of the Roses, is an example of the same law; it holds good inexorably for all ages and all countries.

The Fascisti bands and their local leaders have made for themselves more enemies than they had nine months ago. But Signor Mussolini himself is more popular than his rather ill-disciplined militia. He is, perhaps, as popular as ever, on the balance. In Sardinia and the South, as his tour in those backward districts showed, he is regarded as the Man, the demigod, who has come to give the poor what no Parliaments, no Socialists, no election-mongers have been able to give them—the definite things they want, such as abundant water supply, release from the scourge of malaria, more administrative assistance in return for less crushing taxes. As he passed through some of their villages men went down on their knees to him with cries of joy. To the uneducated simplicity of the South, to long-neglected Sardinia, and to some extent to the North also, Mussolini still appears as the short-cut to the things which the poor in Italy desire and have never known how to get either from the *mali governi* of old or from the modern parliamentary system. He is still confident that he can

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get them these things, if he is not trammelled by Parliament. He may yet make good his words. There is certainly more field for popular dictatorship of the Carlylean type in Italy than in Great Britain or the Dominions, where committee work and representative government are in the blood and custom of the people. In Italy the tradition of the *Capitano del Popolo*, the "Good Duke," the Dictator, is native of the soil. Mussolini even argues that the *Risorgimento*, though a revolution in favour of liberty and liberal ideas, was carried through by the practical dictatorship of Cavour. There is a measure of truth in this. But Cavour desired to establish liberty and parliamentary government; he was both by theory and temperament far more patient of criticism and even of opposition than the leader of the Black Shirt bands.

Can Signor Mussolini, by these dictatorial methods, get things done, or will he stop short at saying that he is going to begin? That is the question on which the social and political future of Italy will largely depend, and he is a bold man who ventures to prophesy the answer. Signor Mussolini sees that, for financial and other reasons, the social and administrative reforms which he has promised must take a number of years. He is therefore taking steps to secure a long lease of absolute power. He is a strong man, a fearless man, a sincere patriot. The task he has shouldered is colossal. We await the issue.

Meanwhile, the Vatican is backing him up, somewhat to the dismay of the majority of the *Partito Popolare* and its democratically minded founder, the priest, Don Sturzo. And the Labour organisations are drawing into closer relations with the Government. Signor Mussolini's position, in fact, is still so strong that it is difficult for British observers to understand why he should resent and repress criticism and freedom of speech, which in our Commonwealth we have long learnt to regard as safety-valves. It is always possible that we are not good judges of the internal affairs of Italy. But we can at least be sympathetic and interested

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spectators of a political development which for good or evil is of immense significance.

II

WHEN we turn to foreign affairs there is much in the recent development of Italian policy that gives us cause to rejoice. The increase of good relations with Great Britain is the more remarkable because the parliamentary and Liberal parties who have fallen from power and been put to silence as a result of the Fascist revolution contained most of the distinctively Anglophil elements in Italy; while the Fascisti, and still more their allies, the Nationalists, were Xenophobe and therefore Anglophobe. The wilder spirits of the movement had learnt from D'Annunzio and others to call for the destruction of the British Empire as a preliminary either to the revival of the Empire of ancient Rome by modern Italy, or to the "liberation" of all the peoples oppressed by Great Britain—or to both these things at once!

Such wild talk, in which Signor Mussolini took his share just before he attained power, was, perhaps, only an Italian way of saying that the speaker deeply resented the ingratitude shown to Italy by a large part of the British Press and people in the unhappy period immediately following the Armistice. The first result of our common victory was mutual misunderstanding. Over here Italy's motives for entering the war were grossly misinterpreted, her war sacrifices minimised and her contribution to the final victory absurdly underrated and by some denied altogether. Our enemies, the Croats, who had fought so gallantly on the other side, were preferred in many quarters to our allies, the Italians. But English ingratitude to Italy was a phase that has passed away with many other illusions of 1919-1920, and largely for that reason the Anglophobia has correspondingly died down in Italy. There was a

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renewal of Italian irritation when we supported the Greek claims in Asia Minor without any regard to Italy's views on the Near East; but that also is now a thing of the past. The recent reception of King George and Queen Mary in Italy was as warm and generous and universal as heart could desire.

Moreover, Signor Mussolini is a realist. And power has revealed to him the realities of the European situation. He saw at once that he must accept the Treaty of Rapallo, which, by conceding Dalmatia, secured peace with the Jugo-Slavs. The very fact that he represented the parties that had most bitterly denounced that Treaty made it possible for him to get it accepted, just as the participation of Unionist statesmen was required to get the Irish Treaty accepted without reserve by Great Britain.

But the question that most concerns us all is the Franco-German conflict over Reparations. Here there has been a steady development of Italian popular opinion and governmental inclination towards the same general point of view as that held by the British people and Government. Italy, like Britain, has a strong material interest in the restoration of central European prosperity and commerce. Italy, like England, can never thrive as she thrived before the war until Germany and Europe are again in economic working order. Italian commerce suffers as much as our own from the present condition of Germany.

Neither have the Italians any consciousness of ancestral feud with Germany as a State. The Austro-Hungarian Empire, with whom Italy's real quarrel has always lain, has disappeared for ever from the map. Austria-Hungary is a thing of the past, "an historical expression." Germany indeed remains, but Germany is not Italy's next-door neighbour, and is most unlikely again to attempt to make Italy into a vassal State in a Teuton system. That plan, the danger of which did much to bring Italy into the war on our side, is no longer possible now that Austria-Hungary no longer exists as Germany's pathway to domination in

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Italy. On the other hand, Italy still has France as a next-door neighbour, and she fears French military domination in Europe and in the Mediterranean. She dreads the French monopoly of the coal and metal supplies of the Continent, which, if permanently established, would render Italy dependent upon France. Like England, Italy finds her constant policy in the balance of power in Europe, both military and economic. Neither are the Latins of the North sympathetic personally to the Latins south of the Alps. They make even less effort than the English to be pleasant to the Italians. The English, besides, have the advantage of being further away.

For all these reasons it is very rare to hear an Italian say a good word for French policy in the Ruhr. There is in Italy at this moment no pro-French minority, such as exists in England.

Why, then, the reader may ask, did Signor Mussolini take up a position midway between that of France and that of Britain on the occasion of Mr. Bonar Law's original proposals? Why did he not then go as far as, or further than, our Premier? The answer is twofold. Signor Mussolini was then new to his place, and had not had time to take in the whole position. Secondly, it was most unfortunate that the meaning and merits of Mr. Bonar Law's proposals were not properly explained; were certainly not made clear to Italian public opinion, especially as regards the deliveries of German coal to Italy during the period of the proposed moratorium. The Italians had suffered terribly in the years immediately following the Armistice, because, at a time when they could get little coal from Central Europe, Great Britain adopted the policy of raising the price of our coal to extortionate heights for our ally while reducing it artificially for the British consumer. Therefore, the Italians naturally, though mistakenly, saw in Mr. Bonar Law's scheme an attempt to recover that monopoly by stopping for a further term of years the supply of German coal for Italy. And the Italians did not venture

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to break with France for fear that she would deprive them entirely of the Ruhr coal.

But the result of trying to keep in with France by partially accepting her Ruhr policy has proved a very bad bargain for Italy. This is fully understood now, and the Italian Government gives general support to Mr. Baldwin's attempt to settle the Reparations question and to pave the way for French retirement from the Ruhr. But Signor Mussolini will not give effective support to Great Britain unless the question of inter-allied debts is settled at the same time as Reparations. We cannot expect the Fascisti to give us unconditional support. Though they are no longer Anglophobe they are not Anglophil, and the debt is as important to them as Reparations.

It is to be hoped that England and Italy will soon be acting together on these great questions. But if we want the Italians to act with us, we must treat them as equals and as friends. The Fascist revolution was, in one of its many aspects, a declaration of independence on Italy's part in face of foreign peoples and Governments. It is to be hoped that the British Government and British Press have come to understand, at last, that Italian feelings and wishes have to be taken seriously into account. If so, there is room for hope in the near future.

AMERICAN AFFAIRS—THE REVOLT OF THE MIDDLE WEST

ON July 16 an election was held in the State of Minnesota to fill a vacancy in the United States Senate caused by the death of Knute Nelson. There were three contestants—J.A.O. Preus, the Republican Governor; State Senator James A. Carley, the Democratic nominee; and Magnus Johnson, of the Farmer-Labor party. Realising that their candidate had no possible chance of success, and thinking that the mere remnant of their own party might survive better by hiding in the Republican tents than by joining pell-mell in a new and tempestuous movement, many Democrats went over to Preus. Thus two principals remained in the lists: and, in a fashion, it was the second phase of the fight between them, for eight months ago Preus defeated Johnson for the Governorship by a majority of fourteen thousand votes.

In the July contest two main issues stood out under many guises—"conservatism" against "radicalism," and government by the old recognised parties against government by a new political organisation. These issues were clearly defined and proclaimed on both sides; but as the campaign progressed, and Johnson's position became stronger than ever, his opponent made several striking concessions. He refused the help of Republican speakers from outside the State, including the President; he admitted that a downward revision of the existing Republican tariff was imperative, and he urged the adoption of a national

American Affairs—Revolt of Middle West farmers' co-operative marketing law. Yet despite these attempts to cut the platform from under his feet, the candidate of the Farmer-Labor party was elected by a plurality of 95,000 votes in a State which the Republicans had carried by 376,000 in 1920. Johnson will take his seat in the Senate beside Henrik Shipstead, who was returned from Minnesota in the elections of November, 1922; and this second Farmer-Labor victory sets the seal of ratification upon the first.

There is no reason why people abroad should not be permitted to share in the amusement which the new Senator's description of himself has caused. Let him repeat what he has already said to reporters: "You see, I used to be a glass blower in Sweden before I was a farmer, and blowing glass makes big lungs, and that is what I've got." "I got a pretty good farm, and I got a good-size mortgage on it, and I got a wife and children, and I got twenty-four cows, and my wife and children milk those cows too." "I don't believe in digging too deep into things. I am for the common people, and I want to be common. I don't give a damn for books. I want things that are alive, not things that have been dead for a thousand years. I have read more histories than any man, but only about Lincoln. I stand where he stood. He was a great man. I quote him in my speeches." In the matter of foreign policy he will defer to the views of the progressive senators who have lately been in Europe. On domestic questions he is prepared to follow the programme of Senator La Follette of Wisconsin, which reads:—

The Progressives in the next Congress propose to repeal the Esch-Cummins railroad law and reduce the ruinous existing freight rates; to reduce the burden of taxation on the common people—the consumers; to enact and enforce absolute publicity of all income tax returns and stop dishonest tax dodging by trusts and millionaires; to deal firmly with the monopolies in oil, coal, lumber, sugar, meats and other necessities of life; to call the gambling organisations to account and insure fair prices in grain and other farm products; to curb militarism and imperialism—the twin inequities which over-

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whelm the people with taxation, beget foreign complications, and inevitably breed foreign wars, and to mete out merited punishment to the profiteers and grafters.

The limiting factor seems to be that our "Magnus" was elected merely for the unexpired part of Senator Nelson's term, so he must bring his betterments to pass by 1925. He has anticipated this difficulty, however, for he says that he will run for office again.

ENOUGH indulgence to the Comic Spirit, for it is a serious matter; and this newcomer to the Senate—coatless, collarless, forceful, genial—can well afford to rest on the handle of his pitchfork under the heat of the sun and watch amusement in high places turn to consternation. Let it be understood that Johnson's victory in Minnesota added virtually nothing to the facts disclosed last November, when the Republicans saw their 1920 majority of 7,000,000 votes disappear into thin air, their leadership in the Senate cut to a nominal ten, and their control of the House reduced from 168 to 18. It was then that they first heard their tariff denounced, their claim of prosperity hooted down, and had their plea for support of the "regular" organisation thrown back in their faces. A shot was fired across their bows. But for some reason best known to politicians, the warning was not heeded. Though momentarily stunned, the Administration regained its equipoise and steered straight down its course. In July a second shot was fired which exploded in the middle of the deck. That, in brief, is the meaning of the Minnesota election. The Middle West is in revolt. It demands that it be taken seriously in the East, it has serious grievances, it insists that these grievances be attended to, and it is united in saying so.

The root of the revolt is social—a deep-seated antagonism of which the East is only dimly aware. People who live

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along the Atlantic seaboard have realised that on particular issues their views have differed from those held in the Middle West. They have not known how bitterly their own quiet assumption of intellectual superiority, of higher culture and of broader mindedness has been resented by those whose opinions they have been pleased to discount as "provincial." The appearance of somewhat *gauche* figures like Senator Brookhart and Magnus Johnson in politico-social circles, straight from the wheat fields, has been greeted sometimes with tolerant amusement, sometimes with chagrin. "What is the country coming to, if men like these are to appear on the floor of the Senate?" And whenever such a remark has been caught by sensitive ears beyond Chicago, strength has been lent to the "movement" and stature has been added to its idols. There is a far deeper rift between the two sections of the country than is commonly supposed. The man from the Middle West looks askance upon a fellow-townsmen who visits Boston from choice, much as the average Easterner regards his fellow-townswomen who are presented at the Court of St. James. Just as the people of the United States, by and large, are afraid of the "wiles of European diplomacy," so the people of the Middle West are in terror of the designs and machinations of "Wall Street." And they think of Washington as a place dominated by these effete and insinuating influences, set apart from the traffic of life, and unduly concerned with the problems at its own door—the Geneva of the American continent. So it runs. The grievance is partly imaginary, partly real, intangible, illogical, visceral. Against it overtures, disavowals, promises and sweet reason make little headway. Canadians, it is said, feel this same undercurrent of hostility toward the people of the United States. Americans, for the most part, feel it toward England. Perhaps no one but a Canadian or an American can understand the social aspect of the revolt of the Middle West against the East.

Some progress will have been made when political

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leaders and Congress grasp this one point. A further step will be taken when an attentive hearing is given to economic considerations underlying the movement. Biased statements from many sides have been made with respect to the condition of the farmer, but one may rightfully expect to find the fairest presentation of the facts in the reports of the Secretary of Agriculture, for he is at once a member of the Administration and the official advocate of the farmers' interests. Under date of November 15, 1922, in an annual report to the President, he speaks of "the greatly reduced purchasing power of the farmers, who comprise about one-third of our population, caused by the decline of prices of farm products to below the pre-war level, while prices of most other things remained from 50 to 100 per cent. above pre-war level." And again, "In August and September, 1922, a given unit of farm products could be exchanged for only about two-thirds (64 per cent.) as much of other commodities as that same unit would have purchased in the year 1913." Among the causes which he cites as contributing to the abnormal relationship of farm prices to the prices of other things are :

Over-production of many farm crops.—For three years in succession the farmers of the United States have produced more of some crops than could be sold at prices high enough to cover production costs.

Continued high freight rates.—Rates still remain far above pre-war levels and constitute a heavy burden on agriculture.

Continued high wages in industry.—Wages of men working in organised industries are perhaps within 10 per cent. of the high level of 1920. These wages are carried into the price of the things produced. The farmer's income on the other hand is down to or below the pre-war level.

Economic depression in Europe.—[It] tends to narrow the outlet for our surplus crops. . . . Another phase of the export movement is the postponement of European buying. In times past the tendency was to come into our markets promptly and lay up farm products in store. Now the tendency overseas is to use up all available domestic supplies and import as little as possible. This requires us to hold our own exportable crops longer than before, and adds to our credit and storage difficulties.

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The burden of taxes.—In most farming States, taxes on farms have more than doubled. On 155 farms in Ohio, Indiana and Wisconsin taxes . . . absorbed one-third of the farm income in 1921, as compared with less than one-tenth in 1913.

Here, then, is a formidable problem. Add to it those fantastic factors which the farmer himself conjures up—the "gamblers" on the Chicago Board of Trade who sit at their "roulette wheel" and capriciously decide what price they will pay him for his product; "railroad magnates," bleeding him with their high rates, and so firmly entrenched at Washington that they have been able to secure a 5½ per cent. return on their operations guaranteed by the Government; the "wolves of Wall Street," whose sinister influence is supposed to shadow every bank in the grain section—and once the canvas has been lit by these lurid colours, the difficulty of finding a solution is greatly increased.

Now Congress, as a matter of fact, has lately passed certain measures intended to alleviate the situation. The Federal Reserve Act has been amended to secure adequate representation of agricultural interests on the Reserve Board. The Packers and Stockyards Act promises assurance that free competitive conditions will be maintained in the live-stock market. And the War Finance Corporation, which has long outlived its season but not its usefulness, has advanced hundreds of millions of dollars, which have made it possible for farmers to refund their outstanding obligations on easier terms and to reduce the rate of interest on their mortgage loans. Indeed, in the same report in which the Secretary of Agriculture so clearly set forth the economic basis of the farmer's condition, he was also able to say that "no Congress in our history gave more extended, sympathetic, and understanding consideration to agriculture than the Congress which convened in March, 1921."

In the next place, so far as the position of the farmer is concerned as compared with other enterprises, the President of the Continental and Commercial National

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Bank of Chicago has pointedly remarked: "What the apostles of woe studiously refrain from explaining to the farmer is that he is a business man and is undergoing only the trials and tribulations that other business men have weathered and are still experiencing. . . . They are working out of their troubles. So will the farmer. Readjustment is coming to him last—perhaps more tardily than it ought to. But he is no exception to the rule." It is hardly to be expected, however, that either the farmer or the political spell-binder will pay attention to counsel of this sort. As one observer has just written, at the conclusion of a trip through the Middle West:

Talk to the Iowa farmer in the language of John Stuart Mill: argue with him about the inexorable law of supply and demand; plead with him that the world, in an economic sense, is upside down; show him that "all the King's horses and all the King's men" cannot put the agricultural Humpty-Dumpty on the wall of prosperity again by mere Act of Congress—urge any and all of these things as plausibly as you may, and you leave the horny-handed (and hard-headed) son of the soil not only unconvinced, but probably indignant with you for attempting to beguile him with false words.

For he has been beguiled by false words before. He realises it now, and when he and his spokesmen denounce the Administration it is chiefly on that account. Those who now persuasively plead with him that his state cannot be improved by Act of Congress told him in 1921 that it could, when the Tariff Act was passed. Effective duties were imposed to protect the manufacturer, and these duties raised the price of the commodities which the farmer had to buy. Ineffective duties were imposed on considerable agricultural imports which, he was assured, would keep the price of his grain at a level with the increased cost of his requirements. In spite of these duties, the bottom has fallen out of the wheat market. And when the representatives of the farmers' interests demand in radical and rebellious language that their grievances must be seriously attended to they mean that they have been fooled for the

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last time. Senator Brookhart, just back from Russia, with some pretty unpalatable things to say in defence of the Soviet *régime*, has requested the President to call a special session of Congress to consider the farmers' case. Gray Silver, Washington representative of the American Farm Bureau Federation, has asked the President to advise the farmers "to withdraw from the visible supply for this year a minimum of 200,000,000 bushels of wheat by warehousing . . . to be financed through the intermediate credit banks and not to be distributed during this consumptive year." But these recommendations have not been accepted. Meanwhile, the price of wheat has gone still further down; and though it is extremely unlikely that either or both of these suggestions would accomplish their purpose, the President's apparent lack of sympathy has made the Administration more unpopular than ever.

So much, within the limits of space, concerning conditions responsible for the upheaval in the Middle West.

II

AT first an attempt was made to minimise the significance of Magnus Johnson's victory. Disgruntled farmers, it was explained, were goaded into voting for him by the fall of the price of wheat to less than a dollar a bushel five days before election. An analysis of the returns showed, however, that the city districts, as well as those of the country, had gone for Johnson. By no magic of interpretation could it be regarded as anything else than a radical third-party triumph brought about by the combined support of farmers and laborers. But, after all, it was then argued, these wild men have a way of changing their spots when they enter the Senate. Before they can confidently rise to speak they must spend months in mastering the intricate procedure which orders its delibera-

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tions. Constant association with a large body of men, and a slow but sure recognition of the value of compromise, are both moderating influences. Such philosophic reassurances may still obtain a hearing in the leather recesses of the club, but apparently they have no meaning to those politicians whose very livelihoods hang upon an ability to read signs. They are behaving like refugees who have survived one cloudburst and cannot see how to escape the next. Others, with less personal concern and therefore with less excitement, are trying to foresee some of the consequences of the "movement"—economic and political. The path leads straight into the field of speculation, but that is unavoidable. For two questions must be asked, and an attempt must be made to answer them: (1) In what sense is the movement "radical," and what is it likely to accomplish on the economic side? (2) To what extent is it the nucleus of a new third party, and what political influence is it likely to exert upon the next Congress and the next Presidential election?

Something of the character of the Farmer-Labor party may be gathered from its history. In 1920 two conventions met in Chicago, one representing a so-called Labor party which had been founded several years before by the Chicago Federation of Labor, the other representing a congeries of dissatisfied persons and groups who had permitted themselves to be styled, and directed by, a "Committee of Forty-eight." These two conventions sought to agree upon a common platform to serve as the basis of a national third party. After days of tentatives a joint meeting was held at the headquarters of the Labor group. "They came back from the ride with the lady inside"—a Farmer-Labor party without a vestige of the Committee of Forty-eight to be seen. Under this title a national campaign was fought in the elections of 1922. Henrik Shipstead was returned from Minnesota, and in more than one contested State the Farmer-Labor party joined with Republicans or Democrats to elect a man who

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was really of their own choosing. In July of this year representatives of the new party met again in Chicago in an attempt to enlarge its power by absorbing other Labor groups. Among those who were invited were delegates of the Communists—the Workers' party—who presented a platform so radical "that if it were adopted it would kill the Farmer-Labor party and mean death to the ambitions of the working class for twenty years." This was the view of John Fitzpatrick, President of the Chicago Federation of Labor, under whose leadership an open breach occurred. As a result, the Farmer-Labor party will continue, somewhat diminished in numbers, but purged of the extremists who forsook it for Communist leadership.

Senator Brookhart likes to be known as a "radical"; Senator-elect Johnson describes himself as one. A questionnaire on the matter might enlighten both of them and serve to calm people who have begun to get alarmed about their views. But be that as it may, the vast majority of their constituents are no more radical than Samuel Gompers, the head of the American Federation of Labor, whose name is anathema in places abroad where something about radicalism is really known. Nor than Gray Silver, representative of the agricultural element at Washington, who is a skilful and patient lobbyist. Nor, indeed, than any one of several million farmers who, in spite of their present violent dissatisfaction over prices, still constitute the bulwark of American conservatism. Through all that Middle-Western country boys receive their schooling at the expense of the State; they attend Universities where the State provides free tuition; they go to agricultural colleges whose operating funds are derived either from the State itself or from the sale of public lands once dedicated to this purpose by Congress. They return to farms which the Government gave to their fathers as free homesteads. To them the Government is the source of many of the good things of life, and they are now looking for more of them, at a time when the memory of blessings received is some-

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what obscured by the fog of bad times. As William Hard recently observed in the *Nation* :—

In harmony with the traditional tendency of the West to strike the rock of governmental action for the outpouring of private prosperity, these radical farmers and their representatives are conscious of no departure from our institutions, and they advance into the approaching national legislative struggle not as soldiers of any new philosophy of society, but as defenders simply and explicitly of the doctrine that what the Government has done on behalf of "the interests" it shall now do on behalf of the people.

What they will accomplish in the next session of Congress, beginning in December, 1923, is purely problematical. In the Senate there will be two representatives of the Farmer-Labor party, reinforced by eight others who have found it convenient to be elected under the Republican or Democratic ægis. Therefore, so far as voting power is concerned, the Farm *bloc* strength may be put at ten, the Democratic at forty-two, and the Republican at forty-four. The Farm *bloc* obviously holds control, and it becomes even more obvious when one remembers that Senators Borah, Hiram Johnson and McCormick are rather too tangential to be counted upon to make up the bare Republican majority. That small squadron will blow where it listeth. Similarly in the House of Representatives—some thirty members are said to compose "the La Follette group," far more than enough to wield the balance of power. In such a state of affairs it is clear that the Farm *bloc* cannot carry through any constructive measure in their own interest single-handed. It is equally certain that the Democratic members will not join with them to promote constructive legislation under a Republican régime. For, first of all, their divinely appointed task is one of opposition; and in the second place, the present widespread hostility of the Middle West toward the Administration is the only trump card—the only face card—which the Democrats so far hold for the political game of 1924. It is hardly agreeable with human experience to expect that they will throw

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it aside by helping the farmers to remove their own grievance.

What, then, may the Farm *bloc* hope for in the way of assistance from the nominal Republican majority in both Houses? An innocent-looking question, but it has teeth. For if a step should be taken which is really constructive from the point of view of the Farm *bloc*—if a subsidy should be granted to sustain the price of wheat; if Senator Brookhart's sweeping proposal should be adopted "to give a fair field to co-operative enterprises and to restrict the field of enterprises not co-operative"; if legislation should be passed striking at the income of the railroads and returning any considerable part of it to the farmers in the shape of reduced rates—if any of these projects should become law through the help of Republican votes in Congress, then the conservative element, the business element, "the interests," if you please, would withdraw support of every sort, and their defection would spell the end of the party. Already they are saying to the members of the Administration whom they so confidently placed in power in 1920: "You capitulated to Labor last summer when you failed to take a firm line in the settlement of the railroad dispute. You came within a hair's-breadth of capitulating to the ex-soldiers in the matter of the bonus. You have given these farmers a warehousing act, a grain futures act, a stockyards act, and what not. You have loaned them money unstintedly through the War Finance Corporation, and you spend heaven knows how many millions of dollars each year in providing them with weather reports, crop bulletins and market news. This thing has got to end somewhere, and it might just as well end here and now." At the other horn of an extremely unwelcome dilemma the Administration sees the menace of a "movement," which can be stopped where it stands if concessions are thrown to it, but which threatens a third party victory, perhaps in 1924, perhaps in 1928, unless it is so appeased.

Two courses seem to be open to the Republicans in this

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impasse. On the one hand, to refrain from courting trouble until it comes; but, if and when the attack is launched, to meet it with professions of deepest sympathy and concern, refer it to committee, set up a Special Inquiry to investigate it, give somewhat greater latitude to the War Finance Corporation in the use of its funds, and spar for time in the hope that prosperity will descend upon the farmer through an act of grace. If they follow this line of strategy and the miracle happens, they will be saved. On the other hand, they may face the attack squarely, point to the measures which have already been passed at the instance of the farmers, remind them that these measures were adopted upon representations that they would prevent the very situation which now exists, and refuse to be stampeded into trying still one more panacea. If they should adopt the first alternative, they would be trusting the fate of their party to sheer luck; if they should pursue the second line, they would make their party the nucleus around which conservatives of every political creed might rally against what would be regarded as a radical menace. Either course is fraught with risks, so it is not surprising that divided counsels reign in Republican circles.

III

IN discussing the probable attitude of Congress to the demands of the Farm *bloc*, we have been passing out of the economic field into the sphere of party politics. How far does this new movement look to the formation of a third party, and what will be its influence upon the next Presidential election? At the moment it is as powerful as the Populist wave of 1890-1892, which rose to its height in 1894. It is, perhaps, as firmly grounded as the Progressive movement of 1912, and its strength is increasing rather than diminishing. Within a few days after the Minnesota election, Farmer-Labor organisations sprang

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up in West Virginia and in Pennsylvania, a long distance from their base. But the Populist tide receded when the Democrats precipitated the free-silver issue of 1896, and the Progressives came to an end with Roosevelt's defeat. Will the Farmer-Labor party succeed where they failed? Will the traditional cleavage between the North and the South, based upon forgotten history and mistaken economics, be broken down? Will the line of division between future parties be economic, not geographical, actual, not hereditary?

Senator La Follette, the recognised leader of the movement, gave his opinion in an interview of July 27:—

Just now I do not think anyone can talk intelligently regarding a possible third party in the campaign next year. . . . If the two old parties nominate candidates who are fairly progressive, I doubt if there will be any real third party movement. On the other hand, if reactionary candidates are nominated and reactionary platforms adopted, a third party may follow. . . . What the old parties do will largely govern.

This is a guarded statement, which errs on the side of incompleteness. Senator La Follette naturally neglected to add that if prosperity should descend upon the Middle West the driving force of the new organisation would be dissipated. He overlooked the possibility that the Democratic party alone might put a progressive into the field. If this should happen, a great many of those now affiliated with the Farmer-Labor body would desert it to re-enlist in a veteran unit. Lastly, the Senator had nothing to say about the intrinsic weakness of his group. Except for himself, it has no director. Moreover, aside from their common hatred of the railroads, there is no community of economic interest between the capitalist farmer and Labor. The farmer, being an employer, looks forward to an era of low wages: Labor wants no reduction. Labor wants the rule of the eight hour day made universal in industry: the farmer wonders how that will affect the practice of employing his "hands" twelve hours. Even

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in their agreement against the railroads, they are essentially in conflict; for the farmer wants low rates in order to increase his income, while the laborer knows that a cut in rates will inevitably be followed by a corresponding cut in his own wages. But these qualifications do not affect the substance of Senator La Follette's statement. It is too early to judge whether, twelve months from now, conditions will be favourable for a third party movement. No such organisation would stand a chance of success unless it could draw to itself a large part of that floating mass of voters—seven million of them—who elected Harding in 1920 and withdrew their support of his party in 1922: and this independent army will not have the basis for decision until the old parties have phrased their platforms and named their candidates in the spring of the year.

IV

UNTIL they have named their candidates! The air is rife with talk, leading nowhere. This much can be said: that if Mr. Harding desires the Republican nomination* it will be given to him, if for no other reason than because of the widespread belief that refusal to endorse the President for a second term of office is open confession that his first term has been a failure. Mr. Harding's recent trip through the West to Alaska, while not of a political nature, was expected to give the party leaders some indication of his chance of success in 1924; but they learned nothing new from it. The personality of the President made itself felt everywhere: his sincerity, his friendliness, and his eagerness to learn stood him in good stead on tour as they have been his great asset in office. As for his speeches, the people were apathetic toward them. The Democrats, in their turn, are frankly at sea. Their organisation has suffered a decay, they have no leader, they

* This article was written before President Harding's death.—EDITOR.

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are at loggerheads over the issues of the next campaign. Perhaps such lack of mass is inevitable at this juncture when each faction is fighting for control, and when confusion has been worse confounded by the appearance of Henry Ford on the horizon. It is something of a shock, even to a politician, to learn that in a recent poll taken of two hundred thousand readers of *Collier's Weekly*, Ford led all other Presidential possibilities by a wide margin! But the question of candidates, like the third-party question, lies too far ahead to admit of profitable discussion.

In the meantime, the prospect of the next session of Congress is sufficiently disheartening. The Administration has abdicated whatever leadership it possessed, and Senator Hiram Johnson's speech upon his return from Europe—his attempt to throw seeds of dissension between Harding on the one hand and Hughes and Hoover on the other—indicates that the Cabinet itself is ragged. The Republican party lacks a real majority in both Houses; the Farmers will insist upon aid for agriculture; the ex-soldiers, once denied their bonus, will be back again in strength; and there is a surplus in the Treasury upon which every glittering eye is fixed.

As for foreign affairs: the Department of State still functions. There is hope that a treaty will eventually be signed with Ismet Pasha, that the envoys to Mexico will finally arrive at the basis of recognition, that some diplomatic arrangement will be struck to control liquor shipments to the United States, and other outstanding matters. But the prospect of American membership in the Permanent Court is dead. For some reason, which has been neither fathomed nor vouchsafed, the President, who so vigorously urged the Senate to adhere to the Court, undermined his own recommendation in St. Louis on June 21. He advocated two reservations which stultified everything that he had previously done: the one, to make the Permanent Court a self-perpetuating body, the other, to divorce it in form as well as in substance from the League. Beyond

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the comment that his change of front is perfectly incomprehensible, there is nothing to be said. As he travelled further West he spoke again and again for the Court with almost mystic zeal. He went so far as to plead with people to help him carry his proposal through the Senate. But the effect of the St. Louis speech cannot be undone.

V

WHAT does it all mean—this story of a revolt in the Middle West; panic among politicians; Henry Ford in the public eye; Congress in a state of chaos? And those other things which have not been mentioned: the stock exchange treading as cautiously as a cat; industry seeing shadows on the wall at every turn; the Protestant churches in a fine fury over the appearance of theological doctrines which are already antiquated abroad; skirmishes off the New Jersey coast with rum-running ships; twenty-five persons killed in motor accidents on a single Sunday; a lynching in Missouri attended by high school girls; the Ku Klux Klan moving unchecked over the face of the country. . . . And, in the State of Minnesota, one lone man saying, "I got a pretty good farm; and I got a good size mortgage on it; and I got a wife and children. . . ." Is it Magnus Johnson's doctrine that sounds so radical, or is it his terrible simplicity?

What does it mean—this business of stepping courageously up to a League of Nations, and then running away from it; embracing an International Court, and then pushing it aside?

It means this: that the labor of consolidating the United States into a nation is far from finished. It was a task severe enough for the best thought and work devoted to it before the war; it has been infinitely complicated by the war itself and by America's part in that war. Never did the problems of the country demand more quick

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obedience to their summons, more sleepless service, more plain, old-fashioned prayer than they demand to-day. Yet never have these springs of national virtue stood at a lower level. In the presence of Germany's dissolution, crises of unemployment and the threat of war, does this seem a trivial affair? Be assured that it is not. Some day the historian may speak of the task of establishing conditions of freedom among men on the American continent as one equal in magnitude to the reconstruction of Europe.

The speech at St. Louis put an end to the prospect of formal co-operation; the last thin bridge was burned by its builder. It is perhaps as well. And if Europe ever finds respite from her own confusion, let her cast a not unfriendly eye toward ours.

United States of America.

July 30, 1923.

IRELAND—AN AUSTRALIAN IMPRESSION

The following article is by an Australian contributor who has just returned from a visit to Ireland. It deals more particularly with constitutional questions, on which the writer is an authority.—EDITOR.

I. THE FREE STATE CONSTITUTION

ON October 25, 1922, the Constitution of the Irish Free State was passed by Dail Eireann, and on December 5, the Royal Assent was given to an Act of the British Parliament declaring that the Act so passed by the "House of Parliament constituted pursuant to the Irish Free State (Agreement) Act 1922" should be the constitution of the Irish Free State. On the following day, the King's proclamation that the Constitution had been passed and adopted by the Constituent Assembly of the Free State and by the British Parliament, was issued, and thereupon the Constitution came into operation. The need for conforming to the Treaty had led to the submission of the draft of the Provisional Government to the British Government and an agreement had, not without difficulty, been come to on important points of difference; and the political conditions within the Free State itself had led to the publication of the draft before the elections for the Constituent Assembly. In these circumstances, it was natural that the Constitution finally passed should

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correspond closely with the draft. The main heads of the draft were published in THE ROUND TABLE for September 1922,* and it is not necessary here to repeat them.

The Constitution presents features of peculiar interest in respect to both its formal establishment, and the substance of its provisions. The Canadian, the Australian, and the South African Constitutions were prepared in what are called "constitutional conventions," bodies with no formal authority, and their legal authority is derived directly from the Act of the Imperial Parliament which at once established the Dominion and enacted its Constitution. We distinguish in such cases between the "historical" and the "legal" source. In the case of the Irish Free State, the procedure was governed by the fact that there was the prior Treaty, which established the Free State and which came into operation on March 31, 1922. The method of direct enactment by the British Parliament was therefore unnecessary and would in Ireland have discredited the Constitution and the Treaty. The result is that we have a Constitution framed in and passed by "Dail Eireann sitting as a Constituent Assembly" in the Provisional Parliament of the Irish Free State, and deriving its legal authority in the Irish view from its enactment by the Dail—Act No. 1 of 1922 in the statute book of the Free State.

The British Act was, however, necessary to implement the Treaty on the part of Great Britain, and gives to the Constitution the force of law so far as the authority of the British Parliament extends. It is only necessary to add that both the Constitution and the British Act declare the legal paramountcy of the Treaty over the Constitution and over all laws made by the Free State, and the British Act affirms the power of the British Parliament to make laws affecting the Free State in any case where in accordance with constitutional practice Parliament would make laws affecting the self-governing Dominions.

* THE ROUND TABLE, No. 48, p. 793.

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If the formal establishment of the Constitution differs from that of the other Dominion constitutions, so does its substance. As has been said by a member of the constitution committee of the Dail* :—"To anyone familiar with the constitutions of the nations that now comprise the Commonwealth of Nations the present Constitution will speak in an unaccustomed language. It is unlike any of them." These differences have many causes. One of them is the deep sentiment of Irish nationhood, which seeks to separate itself by outward and visible signs from any "colonial" taint. The other Dominion constitutions have grown out of the colonial status, they are part of a development which was thoroughly British in character and which led naturally to institutions which follow faithfully the political system of Great Britain. The Constitution of the Dominion of Canada explicitly affirms its similarity in principle. In the case of the Free State—herself a "Mother country"—there has been no such growth, and on the part of the framers of the draft there was no disposition to imitate. Moreover, the earlier Dominion constitutions were conceived and framed in conventions based upon ministerial and parliamentary experience, they were examined and debated in Parliaments and by communities to whom government meant the Cabinet and parliamentary system. In the Free State, not one of the Ministers or of the Constituent Assembly had had parliamentary or ministerial experience. The country itself, habitually in revolt in deed or in spirit, against government, was without the tradition of self-government and any bias to a particular system. The results are seen in the draft constitution and in the debates in the Constituent Assembly. Where the older conventions are guided by their common experience in the working of one type of government and members ply their single instances and precedents, the Free State Assembly learns from the text of various constitutions and

* Mr. Darrell Figgis, *The Irish Constitution*, p. 7.

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their commentators ; its leaders know more of what such constitutions purport to be than they know of what they actually are in practice.

A tendency to stake all on the written word, to rely little on the conventions and understandings which make a living constitution, was partly an expression of the distrust which has characterised British and Irish relations. But such distrust outlasts the particular relations which create it, and expresses itself in an attitude towards all government until the people have thoroughly grasped the fact that the Government is their own, and that the responsibility for its acts is ultimately their own responsibility. It was inevitable in the case of the Free State (as it had been in the United States) that the constitution should express many things that elsewhere are taken for granted, and should set up as legal rights above the legislature those civil and political liberties of the individual which in Dominion constitutions are deemed to be sufficiently protected by the political control exercised by the electorate. The real matter for surprise is that in the end grave matters are left to be worked out by usage and practice.

The older Dominion constitutions accepted the evolution of political institutions from the Crown, and have followed and extended the British example which has made the powers of the Crown the instruments of self-government. The Free State Constitution, like the American, attributes the source of all political authority to the people, and thus furnishes the leading conception of "citizenship" as against the British notion of "subject," and Irish citizenship is defined. From the same principle followed an enumeration of rights which the sovereign people reserve to themselves ; the initiative and referendum by which the people directly resume the power which ordinarily they have delegated to the legislature. The principle of a fundamental law was of course involved in the acceptance of the Treaty. But it is extended in the Constitution ; the Dail is not like the Dominion Parliaments, modelled on

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the Imperial Parliament and its sovereignty ; back of it, the "political sovereignty" of the people is a "legal sovereignty" also.

It was of course for the Free State to determine the principle of its own Constitution. But the adoption of a principle so radically different from that contained in the law of the Dominion constitutions must at some stage raise the question whether the Constitution was in accord with the Dominion status set up by the Treaty. This, in fact, was the matter of difference between the British and Free State Governments when the original draft was presented. The scheme of the Constitution, treating executive and legislative power as something conferred by the people on authorities created by it, eliminated the Crown from both. It was sought to justify it under the terms of the Treaty as part of the "law practice and constitutional usage" by which the Treaty defines the Dominion status. According to practice and usage, the powers which are in law vested in the Crown, are effectively exercised by Ministers and the legislative chambers ; and it could not be outside the Treaty to ascertain the resultant of these and express it in the law of the new constitution. The British view was that it was of the essence of the Treaty that law practice and usage were invoked as such and not as interpreted or transmuted into a rule of law. The distinction is not technical merely, it is one which every one experienced in the Cabinet and parliamentary system, or in the constitutional relations of the Dominions, recognises as fundamental, and in the Free State position something may be ascribed to lack of experience. But there was involved more than "juridical niceties" or practical convenience. With every retirement of Parliament and Cabinet from "Imperial" functions to the position of a British legislature and Ministry, the Crown became the more the symbol of the union of the British Commonwealth. The abandonment of the ordinary constitutional forms would no doubt have won over to the

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Free State some dissidents, but the measure of its success would have been the measure of repudiation of the spirit of the Treaty, and it is the spirit which gives life to the British Commonwealth. To the British as well as to the Irish people the omission of the Crown would have been significant of the status, not of a Dominion, but of a separate republic.

The result of the conference with the British Government was the adoption of the Dominion model in the formal expression of the executive and legislative powers. In the subsequent discussion in the Constituent Assembly the Free State Government loyally supported this agreement, and resisted all attempts to get back to the original draft as impossible under the terms of the Treaty.

In one other respect the Constitution is the execution of an agreement. There was an arrangement between the Provisional Government and the Southern Unionists whereby certain provisions were to be included for the protection or the assurance of the minority. These affected the constitution and powers of the Senate, in particular the provision for proportional representation, for joint deliberation between the Houses in case of disagreement, and the appeal of the Senate by way of referendum from the Chamber of Deputies, with whom, as between the two Houses, in matters of legislation as well as finance, the final decision lay.

For the rest, the Constituent Assembly had a free hand in devising the machinery of government. The disposition to make experiments in government was encouraged by freedom from the parliamentary tradition and by fear of the disruptive effects of party government in the unstable condition of the country. The tendency, natural in a body which was the successor of the revolutionary Dail, to elect each Minister, to assign him his department, to instruct him in the exercise of his functions, and to hold him individually responsible, was checked by the obvious need for a Council of Government, capable of acting promptly

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and effectively in matters which were not departmental but national, a Council, therefore, which was responsible collectively. The very importance of stable government, however, suggested limitations to collective responsibility, the more because the conditions of the country made provision for the representation of minorities a matter of peculiar political expediency if not of justice. Proportional representation favours group government; and if every department of administration carries the life of the Ministry, the number of vulnerable points invites attack and threatens stability. The task of government in the Free State in maintaining the Treaty settlement and in restoring an ordered society was too grave to be involved with those functions which, important as they are, rest upon the attainment and the promise of permanence in fundamental social conditions. To extend the scope of collective responsibility to all ministerial offices was at once to threaten government itself and to impair the control of the Legislature over the administration of what may be called, in the present condition of Ireland, secondary services. These were the main factors in the settlement of the Free State Executive. This consists, first, of a President appointed on the nomination of the Dail, and an Executive Council of members of the Dail administering the most important departments of government, elected by the Dail on the recommendation of the President, the President and Council holding office so long as they retain the confidence of the Dail. Secondly, there are the Ministers who are not members of the Executive and not necessarily members of the Dail, who are nominated by the Dail on the recommendation of a committee, and hold office during the term of the Dail unless they are removed by the Dail for stated reasons after inquiry.

The original plan of a small political Cabinet on the one hand and a larger number of Minister-experts excluded from membership of the Dail on the other, was narrowed down to a scheme in which the essential difference between

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the two groups is the difference between collective and individual responsibility. The Constitution, however, leaves open the way to the Minister-expert through the optional resort to nominations by Vocational Councils, should these be established. The Ministry actually formed consists of an Executive Council of seven, and three "External Ministers" (Agriculture, Fisheries, Education), with two assistant Ministers; and in the brief history of the Free State Government there is nothing on the surface to suggest different conditions from those which prevail in the Cabinet system elsewhere. But the discussions on the executive are for the student of constitutions the most important part of the debates in the Constituent Assembly. The attempt to combine the British and the Swiss systems in the same constitution is an experiment in dyarchy which will be followed with interest.

It is provided that the judicial power of the High Court shall extend to the question of the validity of any law having regard to the provisions of the Constitution. The radical departures of the Free State Constitution from the British system render this task a highly responsible one, since it must be performed without the certain guidance which the principle of parliamentary sovereignty has given to constitutional interpretation throughout the British Commonwealth; the sign posts rather point the way to American decisions as exponents of "people's sovereignty" and "fundamental rights" legally expressed in political institutions. The judicial review of legislation is a delicate matter which brings the courts very near to those contests and passions which belong to the political arena. In constitutional questions resort to the Privy Council, such as is provided for in the Constitution of the Free State, has been of great value to the Dominions, as an appeal to a tribunal outside local interests or feelings. The few hours which separate London from Dublin eliminate the practical difficulties or even hardships involved in appeals from Australia or South Africa. There is, however, one new

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feature of importance : the fact that the relations between Great Britain and Ireland are based upon a treaty which has the force of law. The interpretation of the Treaty may bring the Privy Council to tasks nearer to those of a Court of International Justice than any that have yet devolved upon it, and in such tribunals the matter of confidence enters more largely than elsewhere into the question of judicial competence. This will give to the matter of the constitution of the Judicial Committee, already discussed in a rather desultory way at several Imperial Conferences, a new and serious importance.

The most important part of any constitution, it has been said, is the provision that it makes for its amendment. The novel character of much that is in the Constitution, combined with the inexperience in government so candidly and frequently avowed in the Constituent Assembly, led to the suspension of the special machinery provided for the amendment of the Constitution. During the first eight years of its operation the Constitution may be amended by an act of ordinary legislation. Did we consider merely the machinery of government, such a provision would be prudent in the case of so experimental a piece of work. But it gives to the whole a provisional character, and this, in the case of the Free State, has obvious dangers.

II. THE WORKING OF THE CONSTITUTION

A STUDY of the social and political conditions of Ireland is beyond the scope of this article. But even the limitations of a constitutional survey demand some consideration of the way in which things are working out. A written constitution is one thing, actual government may be another. The written word, whatever its forms and solemnities, may be no more than a project of government. In the case of Southern Ireland, emerging from civil wars and from the breakdown of social order, there are the

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fundamental questions whether the Free State is becoming an ordered community, whether it gives security and justice to its members irrespective of national, political or religious attachments, and whether it gives a promise of permanence. On such matters there is the widest divergence in the views expressed in London journals. The Free State is still in a condition in which one finds facts to lend colour to whatever sympathies or temperament may suggest ; a country which has had the experience of Ireland since 1918 does not all at once return to normal conditions. A passing traveller can make no claim to a considered judgment on the state of the country. He meets, however, colonial visitors returning unharmed from a pilgrimage to the Blarney stone, and Irish painters proceeding to pursue their art in Connemara, and he reads that Mr. Bernard Shaw feels more secure in Ireland than in London or Paris. The writer's own impressions of the new *régime* are favourable. The Government had to create an army for the suppression of a formidable rebellion, to establish police and justice, and to set up the machinery of a new political organisation. All this has been undertaken by men without experience in constitutional government, in daily peril of their lives from the assassin. There are the external appearances of a civil government at work, but the armed guards within and without the public offices, the squad of soldiers drilling before the steps of the Dail Chamber, and the uniforms of the soldier members of the Dail within the Chamber itself appear to typify just that middle state which is neither peace nor war. Watching the proceedings of the Dail, the visitor from a Dominion misses the *insignia*—mace, robes and other ritual—familiar in the Dominion legislatures as in the Mother of Parliaments itself ; there is a simplicity almost ascetic, due partly no doubt to the fact that the Dail, without a home of its own, finds a *pied à terre* in a lecture-theatre of the College of Science. The use of Irish in the designation of the officers and for some of the formal proceedings, the

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occasional delivery of a speech in Irish, give a foreign touch to a visitor from a Dominion where there is no dual language question. In the tone of the speakers and the general calm which pervades the Chamber, one misses a certain snap which belongs at any rate to Australian Parliaments. It is, of course, due in part to the fact that in this Dail there is no alternative government. But it gives an impression that the political struggle has not yet wholly transferred itself to the parliamentary arena: the Government and the Dail itself are still a sort of Committee of Public Safety.

The Dail has passed three highly important measures—the Public Safety (Emergency Powers) Act, the Damage to Property (Compensation) Act, and the Land Act. The first of these is a drastic “Coercion Act”; that it should be passed at all by an Irish Parliament would be strong evidence of a disordered state of the country. But it is an earnest of that moral courage to face the facts of the situation which all government demands. Moreover, it must be remembered that powers given by the Act have been exercised in fact as matters of “military necessity”; that they are now formally conferred on the civil authority may be regarded as significant of the passing of a state of war with its extra-legal powers, and the advent of a time of civil government when the exercise of power must find its justification in law.

The establishment of 530 stations of the civic guard of an intended total of 807, their distribution through all parts of the country, is claimed as further evidence of success not merely in repressing rebellion, but towards restoring a normal social life. For the guard is unarmed; it rests not on its own superior force, but on the moral support it can evoke; it can operate successfully only where the disposition to co-operate in maintaining order and in vindicating legal rights has re-asserted itself.

Whether the powers of government can be and are effectively exercised through the country, and that without respect of persons, is a matter on which the writer cannot

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pretend to speak from personal knowledge. But the co-operation the Government is obtaining from many former political opponents and from important business interests is evidence in its favour.

The Damage to Property (Compensation) Act and the Land Act are two measures looked to with interest to test the disposition of the Government and the Dail to political opponents. There is no doubt disappointment amongst many of those affected, and some allegations of promises broken. But there is also no small allaying of fears. The Government has shown no sympathy with ideas subversive of property. To the conservative elements in society the Government has already come to stand for law and order, and for experience in affairs, a striking fact when one remembers that it is only a couple of years ago that its members were in arms against authority. The Left has become the Right.

The difficulties and dangers which lie before the Free State are more clearly discernible than the facts of present administration or the state of the country. The disbandment of an army of 50,000 men and the release of 11,000 internees, and the absorption of these people in the economic activities of the country, still nervously agitated and full of arms, is perhaps the gravest undertaking before the Government. The situation is intensified by the limitation of emigration, and the sentiment which has grown up against it, as well as by the small relief that England can now give to any unemployed labour. Closely connected with this is the perennial land problem. The recent Act provides for the completion of the process of turning tenant farmers into occupying owners and the conversion of “uneconomic” into “economic” holdings. But it also applies compulsory purchase to the settlement of landless men. The “conviction of the Irish countryman that nature intended him to be a farmer” is already expressing itself in discontent among labourers and in jealousy even of the new peasant land owners. This will be augmented by the farmers’

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sons and other landless men released from army service and internment; the demand for land promises to be greater than the supply.

A third problem of the Government, and that an immediate one, is finance. A charge of 21½ millions for the army and for compensation leaves the Government with a deficit of 20 millions for the year 1923-24, and a loan for 20 millions at least is imminent. That, of course, is primarily a call to the people of the Free State, and a response out of the very considerable resources accumulated during the years of war prices would be an indication of their real acceptance of the responsibility of government. Nothing would give greater security to the Free State than a widespread investment by its citizens in the loan, and nothing would, through the confidence it would inspire, more ease the financial path of the Government with British and American investors when it comes into the market for money for development purposes. Two things stand in the way. The first of these is that the Irish peasant farmer has the habit of placing his money on deposit in a bank rather than investing it in securities, and may not readily be tempted by a Government loan even though it appeals to his patriotism and his pocket.

The other factor in the situation is the uncertainty as to the stability and permanence of the present *régime*. This will be generally affected, one way or the other, by the result of the pending elections. Everyone appears to feel that, till the elections, the present administration is still a provisional Government in fact though no longer in name. While the idea of a Republican majority vote is not entertained in Dublin, it is considered not improbable that there will be in the new Dail as in the present a number of members who will not take the oath and whose extra-constitutional political activities may be mischievous. Another risk is the existence of a number of groups—farmer, labour, and independent—making firm government difficult, and possibly transferring the reins of government

Northern Ireland

to people less experienced and less closely associated with the Treaty settlement than the present Ministers. No Government could have done what President Cosgrave and his Ministers have done without incurring many enmities. Their internments and the reprisal executions have stirred strong feelings. Their legislation and their executive acts, their denunciations of violence and disorder, especially their amicable relations with the British Government, have been a puzzle to people who have not yet learnt what self-government means, and who contrast the deeds and words of the same men two years ago and to-day. "Wait till after the election" is the one political verdict upon which all sections of opinion are agreed.

III. NORTHERN IRELAND

BY the Government of Ireland Act 1920, Northern Ireland and Southern Ireland were established as political units with their several legislative and executive organs, linked by a Council of Ireland and by various provisions for joint action, the chief of which was a power to establish a Parliament for the whole of Ireland. The important matters "reserved" from the Northern and Southern Parliaments and the retention of Irish representation in the Imperial Parliament gave to the new units a status to which the closest analogy in existing constitutional arrangements was that of a province within a Dominion; they fell short of being "self-governing colonies," still further of being distinct "Dominions."

The rejection of the Act by Southern Ireland left the scheme incomplete. But Northern Ireland was set up, its government was constituted upon strictly British lines. Internal order has been re-established, and the governmental machine, legislative and administrative, is kept working with vigour. Belfast, at any rate, appreciates an administration which no longer sees the North through

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Dublin spectacles.* A new consciousness of self-government is being awakened, and the distribution of political interest over a number of home affairs may temper the emotions aroused by constant concentration upon a single matter. It is interesting to see the growth of the familiar colonial spirit with its sensitiveness towards the British Government; the Act of 1920 is already becoming a charter of constitutional right. Unionists would seem hardly to care to revert completely to the system in force before 1920.

Parliament, however, is in need of the tonic of a real Opposition. The abstention of the Catholic Nationalists is serious, the threat of an electoral system which would diminish the representation of the Catholic minority is a misfortune and if carried out will dangerously augment the sense of political isolation amongst them. The co-operation of this section in the Northern Government is of the greatest importance. It would increase the internal strength of the North, it would mitigate the asperity of its relations with the Free State, and would diminish the force of Irredendist agitation in both North and South.

The North gives no sign of any departure from the spirit which led it to refuse to come into the Irish Free State. The inconveniences of separation have as yet hardly become serious. A customs frontier of 225 miles is a nuisance. But as yet the Free State is working under the British tariff, and though absolute free trade is gone, Northern Ireland enjoys a preference in the difference between the British Dominions' tariff of 22½ per cent. and the general tariff of 33½ per cent. in the case of the relatively few dutiable articles. The adoption of a protective tariff by the Free State would of course alter matters, though even so it must be remembered that Belfast imports most of its raw material from abroad and finds its principal

* The complete want of touch between Belfast and Dublin, which are only 2½ hours apart, comes as a surprise even to an Australian with his recollections of the relations between Melbourne and Sydney.

The Boundary Question

market across the water. Shipbuilding and linen are, indeed, passing through critical times, and an expenditure of 7¼ millions, *plus* the contribution of nearly 6 millions to Imperial services, appears a burden for 1¼ million people undisciplined by the spacious figures of an Australian State. But there are mitigations. The national accounts for 1922-23 showed a small surplus (£32,000); the estimates for 1923-24 promise a lower total expenditure, and the British income tax is lower than the Free State tax. At present the North feels that it has made good, and it is frankly sceptical of the Free State's prospects, politically or financially.

IV. THE BOUNDARY QUESTION

NORTHERN IRELAND dates its birth as a political entity from the Act of 1920, but the Treaty attached revision of the boundary to the provision under which the North stands out from the Free State. The question of the boundary, therefore, associates itself with the existence of the North as a separate entity, with the matter of union, and with the execution of the Treaty between the Free State and Great Britain. The claim of the Free State, if established in full, would reduce the North by one-third of its population, and deprive it of territory which includes the ports of Derry and Newry, a loss which many believe would force the North to come into the Free State. It is highly improbable that so extensive a claim could be sustained in law, but even if it were successful it is not at all clear that the North, with a population still greater than that of any Australian State except New South Wales and Victoria, could not make good as a provincial government outside the Free State. It would at any rate make the North more homogeneous, and the probability that it would fail as a means of forcing union must leave the 173,000 Catholics who would still be left in Northern Ireland lukewarm as to

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a claim which would reduce the Catholics from over a third to less than a fourth of the population of the North. So far as a stranger may judge, the territorial claim is hardly the true approach to union; it would seem a sure way of estranging those in the North who believe in a united Ireland. The Government of the Free State can hardly fail to appreciate the temper of their neighbours, and must well have considered whether for the present it would not be good policy to withhold pressure for the appointment of the Boundary Commission. But the *amour propre* of the supporters of the Government is concerned. They believe that forbearance on their part would be attributed to weakness. Then, revision of the boundary is a Treaty right, and the Free State Ministers have, in the face of difficulties and dangers, justified many unpopular things before their people on the sole ground that they were bound loyally to stand by the Treaty. Insistence on the appointment of a commission thus becomes in a sense a test of good faith in their relations with those of their people who, having accepted many distasteful things under the Treaty, will attach an especial importance to those parts of it which impose difficult and delicate obligations upon Great Britain. It was significant that the appointment of the Free State representative on the Commission was announced simultaneously with the approximate date of the elections. But it is entirely to under-rate the gravity of the matter to describe it as an "election stunt." The Government is well aware that, apart altogether from militant Republicans, the Treaty has still to reckon with opponents who have not accepted the spirit of the settlement and would welcome any opportunity for impugning British faith as an excuse for re-opening delicate and dangerous questions. Presented with a plausible case, the influence of such opponents on an untried electorate, which includes every young man and young woman over 21, would have been grave. In this, as in other matters, one feels how much turns on the elections.

• Free State, the Commonwealth, & the League

The British Government has announced that so soon as the elections are concluded it intends to communicate on the subject with the two Governments concerned.

The case for the North is that it accepted the Act of 1920, with its rights as well as its obligations; the attack upon its territory menaces its very existence as a distinct political community. It cannot impute to the British Government an intent to impair this position without its consent, especially in the face of what are claimed as positive assurances given by the British Prime Minister as to territorial integrity. Northern Ireland was, it is claimed, no party to the Treaty; her Government is responsible to its electors, it is not the instrument of the British Government for the fulfilment of obligations it has never undertaken. The Northern Government stands upon its constitutional right, and in this view the provision in the Treaty that one member of the Boundary Commission shall be appointed by that Government is a provision whereby the North may give or withhold its consent to the consideration of the Boundary at all. The answer of the Free State is that the North has chosen to remain an integral part of the United Kingdom, and Great Britain is responsible to the Free State for Northern Ireland and her fulfilment of the Treaty. Both sides, therefore, appeal to constitutional right.

V. THE FREE STATE, THE COMMONWEALTH, AND THE LEAGUE

THE entry of the Irish Free State as a distinct member of the "Community of Nations known as the British Empire" obviously concerns all the partner states, and it has features which give it a special character. The Free State is the only member of the Commonwealth which has come into being through disintegration of another unit, though it is interesting to recall that the first of the Dominions was based on the severance of the incorporate

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union of Upper and Lower Canada. In the second place, it diminishes the numerical preponderance of the senior partner in the Commonwealth by twice the 3½ millions of people of whom the Free State consists.

The geographical situation of Great Britain and the Free State is a feature which may be as important in the relations of the British Commonwealth as it has been in the relations of Great Britain and Ireland. Apart from the special interests and therefore the special relations that belong to neighbourhood, the distances which separate each of the Dominions from Great Britain and from each other have been and are a factor which enters into every scheme for co-operation amongst them. The personal knowledge and consultation of Ministers, even by such imperfect means as conferences at long intervals and after long notice, may be frustrated by the long absences they entail from the Dominions. Continuous consultation of Dominion representatives is called for in London; but continuous residence in Great Britain would generally weaken touch with the Dominions so that the usefulness of the individual, instead of increasing as time ripened his experience, would tend to diminish both in London and at the seat of his Dominion Government. It is these considerations which give to the subject of communications its foremost place in the conduct of Commonwealth affairs. But all these difficulties are already overcome in the case of the Free State with her capital situated within ten hours' travel of London. It is evidently open to her to participate more fully in the conduct of the affairs of the Commonwealth than has yet been possible to any of the Dominions. There are, of course, in the Free State, reasons for this, since she, like Great Britain, belongs to the European region of politics as no one of the Dominions does. But if the Free State does avail herself of the opportunity, this might very well stimulate the Dominions to greater efforts to overcome the disabilities which at present distance imposes upon them.

• Free State, the Commonwealth, & the League

In a country emerging immediately from acute strife, the first impulse might well be to regard the new status primarily as a means of continuing a constitutional struggle in the arena of the Imperial Conference, in the belief that there the Irish Free State would find herself in the sympathetic company of other nations "rightly struggling to be free." In the Dail debates on the Constitution, there were advocates of this course. But in truth the time, if it ever existed, when the Conference was a tug-of-war between Great Britain and the Dominions, has passed away. The notion of a co-operative commonwealth of nations is held as strongly in Great Britain as in the Dominions; the differences of emphasis in the implications of the Commonwealth are far more marked in the divergent opinions which have become characteristic of the several Dominions than in anything that can be attributed to Great Britain. In world politics, students contrast the perils of the "dual" balance of power with the beneficent "multiple" balance. The Commonwealth has passed from the dual to the multiple state, and it is the greater experience and more intimate mutual knowledge coming from co-operation, rather than actual transfer of power, which will make this state more vitally realised. This is in no way altered by the Treaty, which avoided the dangers besetting any plan of dual-monarchy such as existed in Sweden and Norway or in Austria-Hungary.

When the Free State representatives enter into conference with the Ministers from the sister nations of the Commonwealth they will find a totally different atmosphere from that which pervaded their pre-constitution conferences with Great Britain. Great constitutional issues may arise, but they are involved in the search for means to make co-operation more effective rather than in the pursuit of mere ambition for separate powers; on this South Africa will be as emphatic as Australia or New Zealand. It is perhaps unfortunate that such issues should be pending at the first meeting of the Conference which the Free State

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will have the right to attend. Actual experience in the working of Commonwealth relations heavily discounts the theoretical values, whether from one side or the other. Mr. Cosgrave, however, showed a shrewd political instinct when in the Constitution debates in the Dail he deprecated the habit of looking to the Dominions as a means of getting something from Great Britain. This may be said without losing sight of the very important security which the support of the Dominions would give to the Free State in matters which all of them recognise to belong to their constitutional right. It will be a peculiar responsibility of British statesmanship for some time to see that no excuse is given in the case of Ireland for even the suspicion of neglect of the rights of a Dominion. Few things would tend so much to reproduce an alignment of Great Britain *versus* the Dominions, and nothing would be a greater catastrophe for the Commonwealth.

In the course of the Dail debates on the Imperial Conference, Mr. O'Higgins protested against the view which saw for the Free State no more dignified *rôle* than that of a stalking horse for the left wing of Dominion thought. In this utterance he expressed something deeper than the words suggest. For Ireland, as her children proclaim, is a "mother country" in a very real sense. The "Irish question" has entered deeply into Dominion and American politics, not merely as a problem of Irish government which, unsettled, disturbs the relations of all with Great Britain, but as something which has affected the whole attitude of Irishmen towards government in general, and has therefore coloured the citizenship of the Dominions and the United States. The Irish question, indeed, has cast its shadow over many phases of life in many lands. Nor must it be forgotten that among the memories cherished by Irishmen are stories of the missions which carried Christianity abroad and of a culture which sowed seeds of civilisation in a barbarous Europe. Irish idealism holds with conviction belief in the destiny of Ireland as a

. Free State, the Commonwealth, & the League civilising influence upon mankind ; the missionary spirit is again alive. Out of the intensity of a national life, of which forms of government are merely one manifestation, so different from the life of every part of the British Commonwealth and yet so intimately linked with every part of it, there may flow a fertilising stream. The entry of the Irish Free State as a co-equal member of the Commonwealth has a unique character which distinguishes it from the case of Dominions which have developed out of a colonial origin, and may well furnish the opportunity for a new *rôle*.

If Ireland has much to impart, she has also much to learn. One of her most real grievances has been overmuch introspection and too little contact with other nations. To look out upon the world, to mingle in its affairs, to see in it more than herself, an oppressed nation, and one other, the oppressor, will be for the nation and her rulers an experience and a discipline. She will find in the *agenda* of the Conference many matters which closely concern her. At the forthcoming Conference in particular economic co-operation will take a foremost place in the deliberations, and the Free State cannot afford to neglect any opportunity the Conference may afford of fostering her important external trade.

Similar considerations apply to Ireland and her relations with countries outside the Commonwealth. She has, like the Dominions, set up her Department of External Affairs ; she has trade representatives in several countries, and has, or had, "diplomatic representatives" at Washington, Paris, and the Vatican. But after a hesitating half-glance at "our friends in America" she has decided to use her status in the British Commonwealth to seek admission to the League of Nations. How far the rights and obligations of membership of the Commonwealth qualify or are qualified by membership of the League, and whether it is necessary to qualify either, has not yet been raised in fact and has not engaged juridical thought, which with us rarely

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runs in advance of the concrete instance. The League itself is still a great experiment. But this may be said with confidence, that all the Dominions have already learnt how much they must owe to the knowledge, the experience, and the machinery of Great Britain if they are to have the means of playing an effective part there, and how much of the weight they have, even when they differ from each other, belongs to the fact that they are members of one Commonwealth.

UNITED KINGDOM

I. CURRENT POLITICS

The Choice of Prime Minister

MR. BONAR LAW'S resignation took place just before the appearance of our June number. The political world, like the public generally, was taken unawares by the event. A question that had been left to random speculation became with unexpected suddenness one for practical decision. In that light it was clear at an early stage that the King's selection of a successor would rest between the Chancellor of the Exchequer, Mr. Stanley Baldwin, and the Foreign Secretary, Lord Curzon. Both had the necessary standing in politics. Mr. Baldwin, however, had only recently stepped into the front rank. His career in Parliament dated only from 1908. Nine of those years he had passed as a private member, four of them as a subordinate minister. Lord Curzon's tale of public service need not be recounted. It is equalled by very few at the present time and surpassed by none. Though the weight of prestige seemed to favour the choice of Lord Curzon, there were other factors in the reckoning. Rightly or wrongly, a popular impression of aloofness from democratic thought and process has been formed about Lord Curzon. The "die-hard" element, influentially placed in the Conservative councils, regarded him with some suspicion as a leading member of the late Coalition and in part responsible for what they regarded as the "surrender" in Ireland.

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Finally, he is a member of the House of Lords. It was urged by Conservatives as well as non-Conservatives that the centre of constitutional gravity rests nowadays in the House of Commons, the more so as the official Opposition, Labour, has no representation in the second chamber. It was represented as impracticable for a Prime Minister to sit in the House of Lords, leaving it to his colleagues to conduct the real battle with the real Opposition in the Commons.

It was probably the hereditary disability that was fatal to Lord Curzon's otherwise weighty claim to leadership. So far has the pendulum swung since Lord Salisbury's day, with whom as private secretary Lord Curzon began his political life. It would be too much to lay down that a constitutional precedent has been established which rules out a peer from the office of Prime Minister. The evolution of British constitutional practice is too gradual to permit a judgment so categorical. But a new criterion of eligibility has been employed in public discussion and it is the way of arguments of this kind to gather weight in repetition.

The New Cabinet

When the King, after the minimum of delay necessary for consultation, invited Mr. Baldwin to form the new administration, there was no doubt of the wisdom of his choice nor of Mr. Baldwin's ability to carry out his task. Lord Curzon at once announced his readiness, if invited, to serve under Mr. Baldwin. He and the other principal members of the Bonar Law Cabinet retained their offices. Indications of a new attitude in the all-dominating question of European policy were given by the entry of Lord Robert Cecil into the new Cabinet as Lord Privy Seal and by the announcement that Mr. Reginald McKenna, chairman of the London Joint City and Midland Bank, successively First Lord of the Admiralty and Chancellor of the Exchequer in Mr. Asquith's Cabinet, would later join the

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Cabinet, when his health permitted, as Chancellor of the Exchequer. Till then, Mr. Baldwin was to combine that office with the duties of Prime Minister.

The inclusion of a prominent Liberal, or ex-Liberal, in Mr. Baldwin's list was its most intriguing feature. The "die-hards," jealous defenders of the pure Conservative faith, have still to overcome their doubts about him. Coalitionists—for lack of a better word to describe those who resisted the break-up of the Coalition—seize upon the contrast implied by the reception of an ex-Radical chief into the Conservative fold where there is no place for a former leader of the party, Mr. Austen Chamberlain, himself twice Chancellor of the Exchequer. Independent Liberals are already preparing a vengeful quest into the past doings and sayings of Mr. McKenna against the day when Mr. McKenna takes his seat among Conservative colleagues on the Treasury Bench. Mr. Baldwin's choice was no doubt determined by the high reputation which Mr. McKenna has earned as a financier since he left Parliament for his present work in the City and by the desire to strengthen his own hands in dealing with the eternal problem of reparations. At the moment of writing, however, Mr. McKenna's return to Parliament appears to be doubtful. The City of London is the constituency for which he could best sit, as a financier rather than as a party man, and where he would be least likely to meet serious opposition. But the sitting members for the City do not seem anxious to make way for Mr. McKenna and elsewhere he might be called upon to support a more vigorous contest than his health will allow.

Another addition to the Government was Sir L. Worthington-Evans, one of the Coalition Unionist ministers who stood aside when the Unionist (or, as it is now almost exclusively known, Conservative) party seceded from the Coalition and Mr. Bonar Law formed his administration. He has become Postmaster-General. Conservative reunion has not, however, gone further. Sir Robert Horne

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would not return without Mr. Austen Chamberlain, and the feeling of the "die-hards" was still too strong to permit of an invitation to the latter, much though Mr. Baldwin personally may have wished to close the ranks. Mr. Chamberlain himself has not bettered the outlook by taking a part against the Government in debate upon a question, that of abolishing the last vestiges of Mr. Lloyd George's famous 1910 Budget, on which the Conservative rank-and-file felt strongly. For the present, reunion is a closed issue. Politically, Mr. Austen Chamberlain and Lord Birkenhead remain disendowed in an uncertain border-land between some of their former colleagues, like Mr. Lloyd George and Mr. Churchill, and the bulk of their own party.

The New Prime Minister

At the age of 56 Mr. Baldwin finds himself Prime Minister after a political career, relatively brief and not unusually distinguished. Eighteen months ago he was not a politician who could have been marked down in advance for the highest office, though credited with a full share of ability and character. He first impressed himself on the public mind when, as a member of the last Coalition Cabinet, he led the resistance to Mr. Lloyd George and insisted that Conservatives should regain their freedom rather than founder at the polls under the presumed weight of the Coalition's unpopularity, leaving Labour opposed only by the wreckage of the older parties. Under Mr. Bonar Law it fell to him, as Chancellor of the Exchequer, to negotiate at Washington the funding of the American debt. The success with which he carried his draft settlement through a divided and hesitating Cabinet established him, in circumstances which deprived his party of the services of Mr. Bonar Law and Mr. Austen Chamberlain, as the unquestioned leader of Conservatism in the Commons and therefore, as it proved, the reversionary of Mr. Bonar Law.

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As Prime Minister Mr. Baldwin carries a responsibility possibly heavier than has sat on the shoulders of any British Prime Minister in time of peace. His Government has to alleviate, if it can, a condition of Europe which is sapping the vitality of trading Britain. This is not the place to enumerate the formidable obstacles to British policy in that respect. Mr. Baldwin's Government will be judged by the success with which it overcomes them. While the economic pressure upon the country has slackened little, if at all, the gleam of better trade which appeared last autumn has been effectively extinguished. The European question has indeed become the overshadowing issue of domestic politics as never since August, 1914.

Apart from the extreme pro-French press, opinion is very ready to make the Government under its new leader an advance of confidence. Mr. Baldwin has the practical industrial experience which enables him to see in concrete form the problems of European recovery. He has goodwill from all parties unless we must except those Liberals and Unionists who were displaced by the fall of the Coalition. As an enlightened and successful employer, he understands and is not distrusted by Labour. The intellectual interests which are naturally suggested by his family connection with Burne-Jones and Kipling are an assurance against the limitations of the pure "business view." He had shown proof of determination before coming to his present office. His speeches as Prime Minister have not underrated the task in front of him, and their modesty and sincerity have won him increased respect. The most noteworthy change that came in with him was a change of purpose in the Administration generally. Mr. Bonar Law attempted to make a virtue of negation for a time, but, in the plight of the country, time was bound to find him out. The greater emphasis on positive measures and the exchange of inaction for a British initiative in the matters of the Ruhr and reparations are not entirely to the liking of the reactionary element which occupies a place of dis-

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proportionate influence in the Conservative organisation. But they are credited to Mr. Baldwin and they have given the Conservative Government a firmer standing than it has had yet in its ten months of existence. The country is judging by its hopes at present, as later it will judge by their satisfaction or disappointment.

Features of Parliament

Parliament adjourned on August 2 until November 13. If the state of foreign affairs requires, it will be summoned to meet at an earlier date. The bulk of Parliamentary time has been devoted to the Finance Bill and other legislation reviewed in our last number. Some other questions that have come into the foreground recently may be touched on later. The Government Front Bench, even after the serious loss of Mr. Bonar Law, has held its own in debate. It has fallen to Mr. Neville Chamberlain to conduct a large share in the business of the House. His smooth handling of the vexed questions of rent and housing has been an unquestioned Parliamentary success, and he is coming to be looked upon as the Prime Minister's right-hand man in the Commons. Owing to Mr. Baldwin's retention of the Chancellorship of the Exchequer, additional responsibility has fallen to Sir William Joynson-Hicks, the Financial Secretary to the Treasury, who has also risen to his opportunity.

On the Opposition benches the noisy intransigence of the Clyde section has been a continued menace to the discipline of the Labour party and the authority of its leader. Mr. Ramsay MacDonald, who as leader of the Opposition has won the respect of all parties, has shown signs of feeling the strain upon his patience. Four Scottish Labour members were suspended for a breach of order which their party did not defend. They refused apology but were re-admitted to the House after a month's suspension.

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Mr. Lloyd George has not increased his hold upon the present House. To say even so much is, perhaps, to understate the fact. The eclipse, temporary though it be, of his Parliamentary influence is almost the most remarkable phenomenon in current politics. What is true of him in Parliament is also true of him, to a less degree, in the constituencies. More than anything it is his failure to regain the confidence of the Independent Liberals that has shorn his political locks. Without reunion the National Liberals have little hope of a flourishing posterity. The Independent Liberals, in their determination to avoid the "Coalition taint," keep their faith pure but nearly powerless. Just before Parliament rose, one National Liberal crossed the floor and joined the Conservatives. It may be that others will follow and that by an automatic purge the party and its leader will be rendered clean again in the sight of the rigorous Asquithians. The contingency is still distant.

On two days, separated by a long interval, Parliament, on a Labour resolution, discussed the question of Socialism. There is no more to be said of the discussion than that it provided a pleasantly academic retreat from the earthy details of rent, housing and taxes. Parliament, for this purpose, became the Grand Debating Society of the nation. Some of the speeches would have done great credit to any debating society. The motion was in due course heavily defeated, but it attained what may have been one of its objects in classifying the whole Labour party, willy-nilly, under the head of Socialist. In another discussion of general principle the House came nearer contact with reality. On July 23 Mr. Ramsay MacDonald moved a resolution urging the Government to summon at once an international conference on disarmament. The Government carried an amendment pledging itself to take all steps possible towards disarmament. The debate was interesting for the unanimity and sincerity with which members of every party, the Prime Minister included, supported

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the principle, even while they differed on the method proposed.

Problems of Defence

Labour initiated the disarmament debate on a day which they had originally secured for the discussion of the Capital Levy. There was point in the change of plan. The leading topic of domestic interest for two years has been economy. In the past few months the problems of defence have taken its place. It is an inevitable, if unwelcome, reaction from the disturbed and disturbing condition of the European continent.

The Air Estimates led the way by providing for an immediate and considerable increase in the Air Force. It will not give us equality of air strength with the strongest Power on the Continent. The Government's aim is limited to a reduction of the existing disparity. An agreed international limitation would be unanimously preferred. Failing agreement, the case for increase is irresistible.

The Navy Estimates provided for the enlargement and re-equipment of the naval base at Singapore at a cost of £10,000,000, spread over several years. This is open to dispute on several grounds and a sharp controversy has followed. If there is an additional £10,000,000 to spend on defence, some would prefer it should be spent upon the better protection by air of the strategic heart of the Commonwealth. The submarine enthusiasts, led by Sir Percy Scott, ask why costly dock improvements should be undertaken for the accommodation of battleships while in time of war to keep the seas. Others, a more numerous body, demand to know what change or what Power in the East has required the strengthening of our defences, what will be the effect of the gesture in Japan, and whether it does not indicate a lack of confidence in the Washington Pact which sets an example destructive of the whole

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British policy of securing peace and stability by precise international agreements. The Admiralty in reply bases itself on the simple, technical ground that, with the increase of tonnage in the later ships and the addition of "bulges" to older ships, the dock must be enlarged to take them. Parliament has approved the scheme but the last has not been heard of it.

The Admiralty has also been involved in another public controversy over what may be called the air wing of the Navy. For some time an acrimonious struggle for the general control of aircraft on naval service has been proceeding between the Admiralty and the Air Ministry. It has been aggravated by the fears which rash proposals for its abolition, often advanced by sailors, have engendered in the Ministry. The Admiralty wishes to incorporate that part of the Air Force—not more than five per cent. of the whole—which moves with the fleet, which constitutes its chief means of reconnaissance and fire direction and must, by universal admission, come under the naval commander-in-chief for all tactical purposes. Its incorporation as a naval service is held by the Admiralty to be essential if its personnel are to have the sea-sense, and the fleet, reciprocally, to gain the air-sense which are required for effective co-operation. The Air Ministry emphasises the importance of retaining its integral responsibility for recruiting, training, apart from the specialised naval training of units co-operating with the fleet, research and design. A sub-committee of the Committee of Imperial Defence has now reported against the concession of the Admiralty's demands. If the Board of Admiralty did not, as has been stated, formally pledge its resignation against the Cabinet's adoption of the Report, it was said to be not far from the step. The Cabinet, while acceding to the main lines of the Report, has promised concessions to the Admiralty view and further consideration in the autumn. What may, however, prove the most valuable of the sub-committee's recommendations are its proposals for an interchange of

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personnel between the Admiralty and the Air Council and for the strengthening of the powers of the Committee of Imperial Defence for the better co-ordination of all three services.

The Government has taken forward steps in two other matters not unrelated to Imperial defence. It has given provisional approval to a modified form of the scheme which Commander Burney submitted many months ago for a State-supported experimental air service to Egypt and the East, and it has sanctioned the development, by private enterprise in conjunction with the State, of the long deficient wireless equipment of the United Kingdom.

II. THE INDUSTRIAL SITUATION

STRIKES and talk of strikes have lately filled more space in our newspapers than we had come to regard as usual. Restlessness among the miners, a lock-out of boilermakers, a threatened partial strike of railway shopmen, an impending national railway dispute, and, above all, a prolonged unofficial strike of dockers—these and the never-ending crop of minor labour troubles have been thrusting themselves on to the notice of the public and creating an impression that the labour movement is once more in that advanced stage of ferment which is generally, and not very aptly, called “unrest.” Moreover, the fact that in at least three cases these disputes either had their origin in, or were complicated by, internal contention in or among the trade unions concerned has given rise in certain minds to the belief that the trade union movement is beginning to disintegrate.

To accept that inference, in the writer's opinion, would be a mistake. It is true that for a long time the trade unions, weakened in membership and funds by continued and widespread unemployment, have been compelled to give ground before the successive demands of employers

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for the reduction of wages, and that the morale of the trade union forces, as of any organised fighting force, must be strained by an enforced retirement. But a little display of friction between a couple of units here, and a little aggression in defiance of orders there, do not necessarily foreshadow the coming of anarchy. Such incidents may attend any rearguard action and yet leave unshaken the solidity of the line as a whole. It would therefore be unwise to assume, because there are quarrels and unruliness in the labour camp, that the trade union movement is demoralised.

Such ebullitions may tend, in fact, to steady the main body of the labour forces. If they have any significance at all, it is that some elements at least in the trade unions are no longer prepared to retreat, or, at any rate, to retreat without fighting. There is undoubtedly a spreading feeling, not only among the rank and file but among the leaders of trade unionism, that the time has nearly come for making a firm stand, and the unofficial strike of dockers has given strong support to that feeling.

The arguments put forward for the docker deserve some examination. In 1920, as the result of public inquiry before Lord Shaw, the docker was given a minimum wage of 16s. a day. Since then the cost of living has fallen, and the 16s. has fallen after it. By successive stages it had been brought down until at the end of June it stood at 11s. On July 1 another reduction of 1s. was due, under an agreement made many months before, on the basis of the cost of living figures compiled by the Ministry of Labour. “Hang the agreement!” said the docker. “This means at least 5s. less for me this week than last week, and the cost of living doesn't drop like that. The figures must be wrong.” Some unknown people in a Whitehall office juggled with them, so the argument ran, and arrived at results which did not agree with actual experience. It was a question of fact *versus* arithmetic. One of the Labour members summed up the case when he invited the Minister

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of Labour to "come with me and spend two Treasury notes in the shops and compare them with the retail prices published in the *Labour Gazette*."

Ostensibly, then, the dockers and their apologists sought to justify the breaking of the agreement by impugning the correctness of the official index figures. It is no part of the writer's business to enter into the controversy which surrounds that question. The controversy is not new. More than two years ago the Ministry of Labour found it necessary to publish a full account of the method by which the index figure is calculated.* A summary of that statement has more recently been published as a result of questions arising out of the dockers' strike,† and the Minister of Labour has expressed his opinion that the subject might well be investigated afresh "when working-class conditions become more normal." In these circumstances it is sufficient to note that there has been no change in the method of calculation since the period when the index figures were being used, chiefly at the instance of the workers themselves, as a basis for claims to wage advances. The argument on the accuracy of the figures, therefore, is irrelevant. But it is worth noting, if one wishes to understand the action of the docker. The cut in wages against which he struck was something immediate, concrete and visible; the fall in the index figure was gradual, intangible, even invisible. It was useless to tell him that a year ago his union leaders had negotiated, and his union delegates had accepted, an agreement whereby the reduction was to be made automatically, if the cost of living fell sufficiently. He had forgotten the agreement, or he had not noticed the fall—a point or two a month—in the cost of living figure.

This brings us to the first real question raised by the dock strike. The agreement was negotiated in July, 1922. The second cut for which it provided took effect in July,

* *Ministry of Labour Gazette*, February, 1921.

† *Ibid.*, July, 1923.

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1923. The interval was too long. The cost of living, as every housewife knows, does not usually rise or fall violently. Indeed, as a rule, the changes are scarcely perceptible. The dockers' agreement provided for a reduction of 1s. a day on or after June 4, 1923, if the cost of living figure fell ten points below the level at which it stood on September 1, 1922, when the agreement was signed. On that date the figure was 79. On June 1, 1923, it was 69. The docker in Hull, Grimsby, Bristol and Cardiff, where the strike began, or in London, Liverpool and the other ports to which it extended, can hardly be thought to have observed this fall month by month—79, 78, 80, 80, 78, 77, 76, 74, 70, 69; still less could he or his household have been as conscious of the ten point fall as they were of the consequent 1s. fall. The sliding scale, whereby wages rise or fall with the cost of living, has many merits, and has worked smoothly enough in the case of railwaymen; but its efficacy depends on its regular, short period operation.

There is, however, another question of great importance which is raised by the dock strike, and one which, probably, was more prominent in the minds of many of the strikers than the correctness or otherwise of official figures. The railwaymen have, as part of their sliding scale agreement, a series of "stop" rates, or absolute minima, below which no reduction in wages is made, however low the cost of living may fall. In the case of certain grades of railwaymen, these "stop" rates have been reached. The docker, on the other hand, has no guarantee, other than his own bargaining power, against a further reduction in his daily rate. He foresees the 16s. awarded by Lord Shaw dwindling still further. He is unable to see in operation any of the benefits of Lord Shaw's award in regard to maintenance during periods of involuntary idleness. He considers himself therefore doubly aggrieved by contrast with his fellow transport worker, the railwayman, who has a basic wage and regularity of employment. Somewhere, he reflected, the docker himself must impose a "stop" on the

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wage scale, and this was probably one of the factors which induced the men at Hull and elsewhere to strike six weeks ago. That the leaders of the Transport and General Workers' Union took this view is clear from a statement made by Mr. E. Bevin, secretary of the Union, on July 3 :—

The union must honour its agreement. The policy of the union is, however, to regard this 10s. a day as the stop figure. Our opinion is that sporadic fights in single ports are wrong. The agreement ought to be honoured, and if there is to be a fight to maintain our conditions, and our stop figure, care should be taken that it should be a complete and well-organised national one.*

If that statement may be taken as a considered declaration of the policy of the union, the strike may be regarded as a preliminary skirmish conducted by men a little tired of cautious leadership, and its settlement will be the signal for large-scale national negotiations for a permanent minimum wage of 10s. a day for dock labour.

Thirdly, comes the question of discipline in the Transport and General Workers' Union. The strike began, as already stated, at Hull and one or two other ports, and spread rapidly to London and elsewhere. It was repudiated by the national leaders of the union. "The union," said Mr. Bevin, "must honour its agreements." The strikers paid no heed to him, or to Mr. Harry Gosling, M.P. "No worker shall return to work until the employers agree to pay 15s. 6d. a day, which shall be stabilized" was the reply of the strike leaders. The National Committee of the union unanimously called on the men to resume work. Some obeyed, but others ignored the order. On July 10 the Annual Delegate Conference of the union, by an overwhelming majority, endorsed the instructions of the National Committee, as follows :—

That the National Committee for the dockers' section of the Transport and General Workers' Union, while appreciating the

* *Daily Herald*, July 4, 1923.

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resentment shown against reduction of wages generally, resolves that the present agreement has been entered into with the consent of the elected delegates of the ports and with their full knowledge, and that the policy of the union in honouring this agreement must be adhered to, and hereby instructs the men now on strike to return to work by July 9.

The Conference also calls on the men still out to return to work immediately, thereby obeying instructions and endorsing the action of Executive Committee and officers in refusing to depart from the constitutional procedure of the union in dealing with the problem.

Still some tens of thousands of men remained idle. Their own unofficial strike committee advised the London dockers to return to work, but the advice was rejected and a new committee was appointed. So the struggle continued, though the ranks of the strikers steadily got thinner. On July 25 the General Council of the Trades Union Congress, representing the great majority of the trade unionists of England, urged the dockers, "in the interests of trade unionism," to be loyal to their leaders. By the beginning of the fifth week these appeals began to have their effect, and London was the only port still affected. The unofficial committee attempted to secure the intervention of the Ministry of Labour, but without effect. At the time of writing the strike appears to be approaching collapse.

From the above short history of the outbreak it will be seen that the officials of the union and the national spokesmen of the trade union movement as a whole discounted the strike from the beginning. It would be true to say that no responsible leader of any trade union would embark on or support a strike for the strike's sake. A stoppage of work means a heavy drain on union funds, increased work and worry for union officials, and, usually, a serious leakage of membership. Nor is it less true to say that no responsible leader of a trade union would willingly consent to or connive at the breaking of an agreement. Breach of an agreement means possibly the breaking of other agreements, and in any case the carrying of a crushing

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handicap in subsequent negotiations with employers. From the first, therefore, it was certain that the strike would be denounced by the national officers of the union. Nevertheless, it is just that the action of Mr. Bevin and his colleagues should be fully acknowledged, and should be remembered if and when they decide to put into operation their national policy as announced.

What, then, is the reason for the insubordination among the rank and file of the union? The easiest answer is: "Communism and money from Moscow"; but as an answer it is not convincing. The dockers are not Communists. They have a war record equal to that of any group of workers. Nor is Moscow likely to waste money, if it has money to spare, on the British worker. Moscow long ago abandoned all hope of converting him. No doubt there are in every port, as there are in every large industrial centre and in almost every class of life, a number of Communists who would rejoice to create trouble, if they could, and who lose no opportunity of fomenting trouble whenever it occurs. No doubt some of the unofficial strike leaders are Communists. But a handful of Communists are negligible unless they are provided with a mass of inflammable or explosive material with which to work. In the present case there were thousands of dockers in every port, sore at what they regarded as an unjust attack on their standard of life, and uncertain when the next attack would come. The material was ready. The agitator is always ready. The strike began. And, because all men have the capacity for obstinacy, the strike continued. To attribute it to Communism is to flatter the Communist and insult the docker. To suggest that it will wreck the Transport and General Workers' Union is to under-rate the strength of trade unionism and the hold which it has on the worker. The average trade unionist is none the less loyal to his union if, like the imaginary coster husband, he reserves to himself the right to display his affection occasionally in violent ways.

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The dispute concerning the wages of railway shopmen illustrates another trait of the trade unionist. Usually, in proportion as he esteems his own union, he dislikes all others, and especially any which appear to compete with his own. The railway shops dispute is a dispute which has been in progress for some years. Every railway company employs a number of manual workers in tasks incidental to the working of traffic; for example, in the building and maintenance of locomotives and rolling stock, stations, signals, telegraphs, tunnels, bridges, docks, and so on. For the adhesion of these "shopmen" there is keen competition between the so-called "craft unions" (the Boilermakers' Society, Electrical Trades Union, Vehicle Builders' Union, Amalgamated Engineering Union, and a score of others), and the National Union of Railwaymen. The "craft" unions, which cater for men engaged in these respective classes of work in industrial undertakings generally, contend that men employed in similar work for a railway company should properly belong to the unions of their fellow-craftsmen. The National Union of Railwaymen holds that all men employed, in whatever capacity, by railway companies should belong to the railwaymen's society. There has consequently developed a sharp rivalry between the two sides, and from time to time each seeks to prove, by energetic action in the supposed interests of the shopmen, that "Codlin's the friend."

The present dispute, which is only one round in this long contest, turns on a decision of the Industrial Court given on July 8, 1922, concerning the rates of pay and conditions of service of railway shopmen.* The case was of an extremely complex character, and involved many difficult issues. Briefly, it may be said that the Court decided that railway service should be regarded as being a distinct industry to which special conditions attached, and that no obligation should be imposed on the railway companies or

* *Decision of Industrial Court, No. 728. Railway Shopmen (H.M.S.O., 1922).*

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workers to adopt or follow the rates of wages applied in other industries employing similar classes of labour. Accordingly the Court set out schedules of wage rates for the various classes of workpeople in the railway service, keeping in view, among other factors, the district rates of the various classes in non-railway employment, but declining to regard such district rates as predetermining the rates for railway employment. In coming to this conclusion the Court avowedly took note of the fact that, where a railway drew on supplies of labour of a kind required in other industries, the rates to be paid by the railway company could not, without inconvenient consequences, differ too widely from the rates obtainable by the men elsewhere. A further decision of the Court, in opposition to the contention of the National Union of Railwaymen, was that the rates scheduled should not be subject to a sliding scale as were those of the traffic workers, but should be the subject of negotiation between the parties as occasion arose.

This decision had its sequel recently, when the National Union of Railwaymen issued a strike notice on behalf of its members employed in the workshops of the Great Northern Railway, now part of the combine known as the London and North Eastern Railway. The G.N.R., on the ground that it was not a party to the Court proceedings, had refused to apply the award, though other companies had done so. Following the strike notices, the L. and N.E.R. got into touch with the "craft" unions, with a view to a general conference. The Amalgamated Engineering Union declined to attend such a conference, and it was reported that other craft unions took the same course. Eventually, representatives of the railway company met leaders of the N.U.R. and the A.E.U. in separate rooms, and, on a promise of intervention by the Ministry of Labour, the strike notices were withdrawn.

Here was a case where the employers found themselves faced with opposed demands from rival unions, and actually confronted with a stoppage of work as the result of

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this domestic quarrel. A similar situation, on a more general scale, has arisen in connection with a proposal by all the railway companies for a reduction in the wages of shopmen. The N.U.R. has declared its opinion that in future the wages of shopmen should be adjusted by the existing conciliation machinery which deals with the wages of other railway workers. The A.E.U. has pronounced itself opposed to any such arrangement. At the time of writing, an effort is being made to bring the rival organisations into joint conference, with a view to seeking a way out of the impasse. From the point of view of the best interests of the unions themselves, apart from those of the railway companies, it is to be hoped that this long-standing quarrel will be brought nearer to an end. Harm enough is done to the good name of trade unionism by such irregular actions as that of the dockers, but not less discreditable are the perpetual bickerings and jealousies between competing unions. Under the guidance of the General Council of the Trades Union Congress, considerable, though slow, progress has been made in the elimination of overlapping and rivalry, but much remains to be done before the trade union movement can claim that it is solid and well-knit, and before employers and the public can be sure that they will not be from time to time the unrejoicing third.

CANADA

I. THE SENSITIVENESS OF CANADIAN NATIONALISM

EVERY one knows that there are many elements in a national life, as it is ordinarily understood, which are completely lacking in Canada, and that we are constantly drawing on England, on America, and in some degree on France, to supply our deficiencies. There is no distinctively Canadian literature, science or art, in the sense in which there is a distinctively Canadian contribution to political experience. And Canadian nationalism has remained primarily political. Its incompleteness is obvious, undisputed, and yet often overlooked. The nationalist, it is true, may speak of the need for developing Canadian art and literature, but it is by no means clear whether he has in mind the evolution of something distinctively Canadian, as Dostoevsky is distinctively Russian, or whether he is merely expressing a pious aspiration that some "British subjects ordinarily resident in Canada" should be artists or men of letters. The imperialist may see in the incompleteness of our national life a reason why we should supplement it through intercourse with Great Britain and the other Dominions; but in practice this argument usually degenerates into a consideration of the desirability of reading English rather than American periodicals, perhaps into an unfair comparison of the best English with the worst American literature. The internationalist would be inclined to congratulate us on having

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to draw on many countries for inspiration, but would be vague as to the precise benefits to be obtained.

But though its translation into argument by nationalist, imperialist, and internationalist may be comic rather than profound, the fact that we cannot reasonably aspire to achieve, within a measurable time, a national life complete and many-sided, such as is enjoyed by many of the small nations of Europe, is real enough. It is a fact of which account has to be taken in politics, and a fact which is of essential importance in understanding some features of Canadian character—for instance, our extreme sensitiveness on certain points. As long as we have not got some sort of common cultural life, or common literary interests, intimate relationships between distant provinces are barely possible. It is hardly too much to say that they depend largely on the circumstance that the West has been in part colonised from the East and that it is easier for settlers to keep in touch with relatives in the East than with relatives in Europe. For a British Columbian, French Canada is more unknown, and more unknowable, than modern France; and Prince Edward Island is more unknowable than Scotland. In recent controversies, secession has been lightly talked of in Nova Scotia and in British Columbia. The word was perhaps not meant quite seriously, but the Confederation was certainly referred to rather as a bargain for mutual advantage than as a national union.

While we know that we have not got a real national life we are not seriously inconvenienced by its absence. We do not feel a real need for it. But that ambiguous word "nation" has a subtle charm for us and we do not like to be reminded that other countries have and value something which we have not got. The feeling is foolish, but human enough and comprehensible. The situation is a trap for the unwary visitor. We may mention our own deficiencies, as one makes a generous concession, half expecting a similar concession in return, rather than sympathy which we may mistake for an assumption of superiority. The

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visitor may not realise that a skeleton is being concealed, that the most innocent remark may be understood as a veiled reference to unpleasant facts which cannot be denied. If he is moderately observant he will notice that on many points we are extraordinarily sensitive. He may be a little puzzled. There is much to be admired in Canada, much of which we are justly proud. Why should there be a feeling that the visitor is seeing flaws which we should like to hide? Canadians criticise freely both English and Americans. Yet they are easily offended if an American makes a harsh criticism of the English, or if an Englishman speaks ungenerously of Americans. Often a remark intended to please by drawing a sharp distinction between the Canadians and the nation criticised gives real pain; for there is a feeling that one is accepted as a partner but not as an equal partner. We may speak of ourselves as distinct from either country, as a separate nation, but we know that the distinction is mainly political, and that in other directions our separate existence is less genuine. If any one else says all this we are hurt and humiliated. Even so commonplace an observation as that we have a full share in the British traditions, that British history is our history, and that British heroes are our heroes, has been taken to imply that we are not really a nation—and that the speaker is, or believes he is, in some way superior to us. Indeed, even if one knows that there is no such belief in the mind of the speaker, a feeling of inferiority may be excited in our own minds. This hypersensitiveness of ours is regrettable, and the best cure is, perhaps, to explain it to ourselves, and so to apply a Freudian treatment to a whole people. Such a course takes time, and for the present our visitors and our critics should respect the fiction of complete nationality without allowing themselves to be its dupes. Canada's most serious problems arise from a disunity which we conventionally disregard; and no serious political policy can be thoroughly understood unless this circumstance is remembered.

French Canadians and French Culture

II. RELATIONS OF FRENCH CANADIANS TO FRENCH CULTURE

AFTER more than a century and a half of British rule, the French in Canada constitute the largest foreign group of European extraction within the Empire. To the present day they have retained intact their particular institutions and language. In face of this remarkable fact, one is naturally led to inquire what are their relations to their former mother-country, France?

The contact between France and Quebec is realised through many agencies: books, reviews, theatres, lectures, travel, university courses, artistic studies and religious relations.

Books from France are to be found all over the land, and they cover all the manifold expressions of intellectual activity. The theatre also brings to Quebec French ideas, but, powerful as it could be, its action is restricted to large cities. In Quebec, lectures are very popular and speakers from France are assured of a large and sympathetic audience, whether they are lecturers of *L'Alliance Française*, official delegates on special missions, travelling professors, journalists, or globe trotters.

Increase of wealth and facilities of travel are every year bringing to France a larger number of visitors from the Laurentian province. But the Canadian that crosses the Atlantic is very much more of a tourist than anything else. A greater factor is the student who goes to complete his education in Paris. Habitually, there is in the French capital, a little colony of between 20 to 50 students.

Religion does also its part in bringing together the two countries, as France sends to Canada large quantities of religious literature, while religious communities, belonging to the same order, keep up constant relations. Already, from what precedes, one can see that the influence of French culture on Quebec is confined to very special limits.

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In the field of politics there is hardly any point of contact. Steeped in British parliamentary traditions, Quebec has no sympathy with the French system of numerous political parties. The institutions do not appeal to her, and the spirit and programme still less. Catholic and traditionalist, in spite of the Liberal sign on her door, she cannot stand nor understand French radicalism and anti-clericalism. There is between them a gulf, which no bridge could span.

In social and domestic life, Quebec has gradually moved from French to English and American habits and customs. A Quebec family lives pretty much like any Canadian family inside and outside the house. French frugality is replaced by American passion for distraction. An indifferent quantity in France, religion in the Laurentian province is almost considered indispensable, for Quebec upholds a much stricter code of morals, being intolerant of divorce and right-to-love talk. French society is crammed with conventions and old-fashioned ideas, while Laurentian society basks in the sun of freedom and informality.

In the matter of religion, no doubt, French Catholicism extends its action and help to Quebec, while in the domain of sciences and fine arts one might say that Paris is the post-graduate university of French Canada.

But it is, perhaps, in literature that France exercises her strongest and widest influence. Her books are found in all hands. To all, they teach the characteristic French qualities of method, logic, lucidity and precision. They constantly renovate the flow of ideas and the art of expression, enriching the mind and the vocabulary. They broaden the horizon and liberalise the conceptions that might remain too provincial. They shake the too dogmatic formation of the Quebec man. Sometimes they may contribute to tinge a few individuals' ideas with a veneer of radicalism or even rationalism, while somewhat relaxing the rigidity of their social attitude. But those cases are exceptional. As a rule, the effects will remain strictly

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intellectual. It is by burning the midnight oil in the school of French literature that Quebec writers are slowly and gradually developing and perfecting a French Canadian literature.

The effect of French culture may be briefly said to be : a spiritual intension of French mentality, without leaning to French institutions or ideals ; an acquisition of greater scientific equipment in several spheres ; a religious assistance in thought and practice ; a potent and beneficial literary lesson in method and style ; a formation in logical thinking and precision of speech ; and finally the growth of a superior taste and culture in all domains. France, therefore, remains an efficient, if secondary, influence in the evolution of Quebec ; though, by the nature of things, such influence is bound slowly to decrease in proportion as Quebec develops a wider culture and literature, and becomes more and more self-dependent and self-sufficient in her various spheres of activity. Independent of her in every other way, Quebec largely remains an intellectual colony of France.

One point yet requires investigations : the attitude of Quebec to France. After experiencing several changes, Quebec's present sentiments seemed to be unsettled, vacillating between two minds. The war brought a singular situation. Deeply resenting Ontario's restrictive regulations of French teaching in schools, even during the war Montreal Nationalists advocated a policy of military passivity with the slogan : " Our school-rights, or no Fight." Such a policy naturally forced them to an explanation of their indifference to France's distress. Unhesitatingly going back on his fervid praise-singing of France at Quebec in 1912, and at Lourdes as late as 1914, Mr. Bourassa began to indict France as one of the parties responsible for the war, and ended by declaring that Quebec owed her no obligation whatever, adding that the time had come to stop shackling Quebec with that " moral colonialism." This, of course, was exceptional and resented

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by a great many. Nevertheless, it has left behind some impress. For instance, the new school of Nationalism, the one led by *L'Action Française*, is giving a new version of it, when Mr. Groulx claims that New France was purposely left in the lurch by Louis XV. and the Pompadour, with the approval of France. Strongly regionalist and provincial, that group does not take very kindly to French culture. The *Union sacrée* and the *entente* with the Vatican do not abate their half-dislike and half-fear of it. There have been printed pretty strong denunciations. In very guarded terms, *L'Action Française*, while protesting its full agreement with the best of French ideals, nevertheless between the lines suggests a suspicion of French ideas.

However, the normal present attitude of Quebec to France and to her culture is better represented and interpreted by Mr. Olivar Asselin, who has recently rebuked both Mr. Bourassa and Mr. Groulx for their assertions. For him, and for the majority in the province, France remains the old Motherland, which founded Canada, giving her the best of her blood, talents, and assistance. In a struggle for life, necessity alone forced her to give up the colony, in whose progress she long after took a deep interest. Of that ancestry Quebec, who *se souvient*, is very proud, as she is of the great part played by France in the world's civilisation, of her wonderful literature, artistic attainments and beautiful language. Proud of her past, a most romantic and heroic history, Quebec feels a duty in the present, which is the maintenance of her French culture. In order to achieve it, and to avoid being absorbed in the almighty stream of Anglo-American civilisation, she must, while standing by the achievements of old, refresh and reinforce herself by drinking the purest wine of French moral and spiritual culture, of French art and qualities. France must be her spiritual professor.

Still, while looking up to her for inspiration, at no time, except during the period following the conquest, did the Laurentian province ever wish to return to French

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allegiance. And now less than ever. Quebec, in fact, has acquired a mentality of her own; she has adopted many British institutions and ideas to which she has adapted herself successfully, and she is striking a way for herself, leading up to national ideals of progress and permanence. Between the two countries the bond resides in the community of history and the unity of language. It is a bond sentimental in the past and intellectual in the present. It connects, but it does not unite, what war parted so long ago.

The result shows an intelligent and determined will on the part of Quebec to keep alive her French traditions and language, while at the same time evolving a distinct mentality which is neither French nor British, but which strives, through instinctive as well as rational eclecticism, to amalgamate what is best in French culture and language with what is best in British politics and institutions. With equal energy and stubbornness, the Quebecer, out of racial consciousness, refuses, at one and the same time, to be a Frenchman or to become an Englishman. Rooted in his Catholic faith and his French language, his only wish is to remain a Canadian.

III. GEOGRAPHY AND DEVELOPMENT

CANADA'S economic problems are complex, and are accentuated by the contiguity to the great American republic, as well as by physical barriers within the Dominion's vast area. It is this contiguity to a country of highly developed resources, a dominating people of like language, ideals, and habits, that makes the problems of the Dominion more difficult to solve than those of any other part of the Empire. The physical barriers between the political divisions of Canada, and the freedom of access and intercourse between them and contiguous areas of the United States, have retarded the development of the

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former, and continue to exercise an influence on every phase of its national life.

The United States is divided into three great geographical areas—the Atlantic slope, the Mississippi Valley, and the Pacific slope. Canada has four—the Atlantic provinces, the St. Lawrence watershed comprising Ontario and Quebec, the Prairie provinces, and British Columbia on the Pacific coast. Between the Atlantic provinces of New Brunswick, Nova Scotia, and Prince Edward Island and the St. Lawrence Valley is thrust the wedge-shaped state of Maine, which leaves but a narrow Canadian isthmus of barren and sparsely populated land, and makes transportation between the two sections costly by reason of distance and scarcity of local traffic. Between the St. Lawrence Valley and the Prairie are hundreds of miles of morass and rock, probably rich in minerals, but of little agricultural value, which likewise increase the cost of transportation and form a barrier to national intercourse. The Rocky Mountains are a mighty barrier between the Prairie and the Pacific slope, and the heavy mountain grades and sparse population make commercial exchange and national fellowship difficult. But while barriers exist between these natural divisions of the Dominion, there is practically none between them and the contiguous American divisions: the Atlantic provinces have an open door to the American Atlantic states; Ontario and Quebec have easy access to the states east of the Mississippi; the Prairie provinces are similar in character to the American Prairie states west of the Mississippi, and are divided from them only by a surveyed line; while British Columbia, barred from the Prairie provinces by the Rocky Mountains, is part of the great Pacific slope from Mexico to Alaska. Thus on the northern half of the North American continent communication east and west is difficult and costly; between north and south there are no obstacles, and because of the similarity of language, customs, and occupation nature's tendency always is to make the Canadian natural divisions

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co-operative with those to the south, and to hamper intercourse between the provinces.

North America witnesses the anomalous spectacle of the northern half, of vast area and sparse population, losing its people to the southern division, of less area and with a population twelve times as great. The Atlantic provinces of Nova Scotia, New Brunswick, and Prince Edward Island are giving people, not to the vast Canadian west, but to the states of Massachusetts and New York; from Quebec there have gone across the border French Canadians in numbers such as to threaten the dominance of that race in several of the New England States; and Ontario has done more to people the states of New York, Michigan, and Illinois, than has any other state of the American Union. In New York City and its suburbs there are four hundred thousand Canadians; and Buffalo, Detroit, and Chicago contain more Canadians than native born Americans. For fifteen years the Canadian prairies drew a large agricultural class from the American west. Lately there has been a steady decrease in this movement, and as this immigration always lacked permanency of settlement, it is probable that the exodus is now even greater than the influx. British Columbia steadily draws population from the prairies, but in periodical depressions loses its artisans to the Pacific states of Washington, Oregon, and California. Thus a people of one hundred and ten millions draws steadily on the population of nine millions to the north, and under the immigration laws of the United States, restrictive against all the world except Canada, this great loss to the Dominion has steadily increased until it is a debatable question whether the country is growing in population even to the extent of natural increase; for new citizens obtained, at least an equal if not a greater number of old citizens are lost to the wider field to the south. The Canadians are a northern people looking southward. Unfortunately there has not yet developed among them a real conception of the great potentialities of the north,

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and there exists always the lure of the great cities of the Republic, with their larger scope for enterprise and adventure in commercial life. There are no physical, racial, or linguistic obstacles to hamper an easy translation from Canadian to American citizenship. Canadians are welcomed, encouraged, and desired in the life of the Republic, and this loss in brain, brawn, and business ability is the most serious obstacle to progress and development at home.

Confederation was based on British citizenship and inter-provincial trade. Where but fifty per cent. of the population is of British birth or descent the bond of commerce is essential. All our transportation systems, from the Inter-colonial Railway, an obligation of confederation, to the ill-starred enterprise of the Grand Trunk Pacific and National Transcontinental, were projected and constructed to increase inter-provincial trade, to keep the channel of commerce east and west and within the country's boundaries. Our tariff system has the same object. Both by transportation facilities and tariff imposts it has been sought to keep the country's trade Canadian, and to prevent its diversion to American ports, especially on the Atlantic coast. The problem on the Pacific coast is not so serious.

From April to December this is quite feasible, because the St. Lawrence waterway gives to central Canada an easy and rapid access to tidewater ; but during the remainder of the year, because the St. Lawrence is icebound and Canada's Atlantic ports are far distant, there is a serious diversion of traffic to Portland, Boston, New York and Baltimore. One half of Canada's wheat exports reach European markets through American ports, and Canada thereby loses control of the purity and grade of its greatest article of commerce. Imports naturally arrive through ports where outward bound cargoes are available, and this also retards the development of Canada's North Atlantic transportation facilities. The enactment of the increased preference, which will subsidise British goods entering

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Canada through Canadian ports, is an attempt to remedy this condition.

High freight rates, partly caused by the increased cost of labour and material, but chiefly by the enormous deficits on the government railway system, have, to a considerable degree, destroyed the inter-provincial commerce which was an object of confederation and of careful nurture since. The Atlantic provinces have commercially become almost segregated from the others, as has British Columbia ; and the Prairie provinces are groaning under the burden of the cost of transporting their requirements from the industries of the East to the farms of the West. Here contiguity to the United States is again an economic and national factor ; the several natural divisions which want markets look southward to the vast purchasing population, while the consumer is inclined to believe he could economise by importing from the south rather than from east or west. Equally dangerous is this to Canada's industrial and financial independence ; it is giving the Canadian market to American industry, crippling our national and industrial progress, creating an unfavourable trade balance, and, because of our extensive borrowings in New York, tending to make Canada a financially dependent subsidiary of the United States.

This contiguity to the United States has strongly influenced Canada's national characteristics and ideals. The Canadian is a British North American ; his ideals are British ; his practices American. The Australian, New Zealander, and South African will always be more characteristically British than the Canadian. They have an isolation that makes for the perpetuation of the ideals and customs of the Motherland, while the Canadian must, by contiguity to, and close association with, a people of like language and customs, be a compromise between the European Anglo-Saxon and the United States Anglo-Saxon. That contiguity has its advantage, but also its problem of national and industrial development. Our

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political and economic life will always be influenced by it, and there will always be a struggle for economic, if not for political, independence. As Canada broadens, develops northward, that influence will be combated and weakened.

The position of Canada, within the Empire, but contiguous to another people, alike in customs and language, but vastly superior in numbers and wealth, has made imported economic theories impracticable guides in her national affairs. Before Canada is always the danger of absorption of her people, her business, even her national identity, by a country not barred by physical or national obstacles. To combat this menace Canadian policy has varied little since confederation, and that policy maintains Canada's customs barriers and a steady deepening of trade channels across Canada rather than across the international boundary.

IV. CURRENT POLITICS

PUBLIC interest in politics is at a low ebb. For this fact there are several reasons. An obvious one is the post-war desire for tranquillity ; though it is, perhaps, the least important, in the long run at any rate. But a country which is still engaged in constructing and developing the complex economic basis of life, rather than in operating and adjusting a fully articulated mechanism, has limited preoccupations which tend to divert the keenest and even the most comprehensive of its minds into a single channel. This involves a loss to politics, and the capacity of present politicians is probably less than that of their predecessors. The result is that politics are beneath the level of the general intelligence of the community, and politicians are held in a little contempt. And the country is not well served by its press. The newspapers contain more news, especially foreign news, than they did before the war ; but they are too indiscriminating, and there are no critical periodicals to help readers to estimate its value or effect. Both

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politicians and press play the game on too low a level for their public. Then, too, competing attractions and agencies for political thought and action are increasing in number and importance. Organisations like national councils of health and education, the League of Nations Society and federated clubs, may serve an exceedingly useful purpose ; but if they tend, as they seem to in Canada, to divert both interest and personnel from the grand assize and authority of the country, Parliament and government inevitably suffer. And a people with diversities of race, religion, and economic background, settled on a strip more than three thousand miles long and hardly more than a hundred miles wide, needs a centre of interest and activity as no other does.

But the picture may be too darkly painted. There is another side to the shield. In the last few years a condition has arisen which has already commenced to have what will be an increasing effect upon political interest and thought. This is the great expansion of public debt, expenditure and taxation. Formerly the national revenue was largely derived from indirect taxes, which were never very burdensome and always only obscurely felt. But the war brought direct taxation of incomes, which radically affected the public attitude to the expensive activities of the State. In a way they never did before people now feel directly the cost of government, and they are beginning to take a deeper interest, not only in its expense, but also in its ends and operation. As yet this interest somewhat lacks form and direction ; it is slightly querulous, rather than helpfully critical ; but it is steadily extending among the mass of citizens. Its present effect shows itself in a disinclination to be fobbed off with phrases, promises, and expedients, a disposition to test the undertakings and performances of Governments, which will make for greater honesty and reality in politics. Another hopeful circumstance is a slowly growing conviction of the important effects of foreign politics upon domestic conditions. Before,

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and even during the war, the limited interest in external affairs was largely sentimental; it is slowly becoming more extensive and real.

Turning to the actual events of current politics, a peculiarly unsettled condition is found. Ever since it took office public and even parliamentary support of the Government has been insecure, and both of these props have lately been shaken. A by-election in Saskatchewan, where the Farmer candidate was returned by an increased majority over a Liberal, indicated that the Government's performance has made no appeal to the Prairie west, and that its slender contingent of three supporters from that region is likely to be diminished rather than increased. A Conservative land-slide in the Ontario provincial elections swept the Farmer Government from power; but it decimated the Liberal party, which had been the second largest group, and reduced it to an exceedingly bad third. The Government's financial proposals were opposed by two of its most prominent followers: Mr. Hudson, of Winnipeg, found himself in agreement with his western fellow-members of the Farmer's party, but kept his place on the Liberal benches; Mr. Macmaster, of Brome (Quebec), a consistent advocate of free-trade principles, answered the Prime Minister's accusation of setting up an altar of his own by the remark that "its fires were not fed by the splinters from a broken platform," and crossed the floor.

Parliament has been dull, its action uninspiring, and the public uninterested. The Government's financial proposals, with the exception of the disclosure of increased national indebtedness, are not striking in themselves, for with slight alterations they repeat those of the preceding Conservative Administrations; but their effect on the political views and party alignments of the country may be far-reaching. The different rates of the sales tax—6, 4½, 3½, and 2½ per cent., depending on the stage of business enterprise at which they were payable—are

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replaced by a single rate of 6 per cent. on the duty-paid value both of home-made and imported goods, payable at the first stage of business operations. The maximum stamp tax on cheques is reduced from \$2 to \$1. The disadvantage resulting to domestic wine manufacturers from the customs duty reductions made by the new Franco-Canadian commercial treaty is met by sweeping away three-quarters of the excise tax on their product. Last year's increase of the excise tax on cigarettes resulted in restricted sales, loss of revenue, and increased smuggling, and is rescinded. The customs duty on refined sugar is reduced by 50 cents per 100 pounds, and a proportionate reduction is made in the duty on raw sugar. The customs duty on raisins and dried currants under the general and intermediate tariffs is increased from ⅔ of a cent to 3 cents a pound as an inducement to Australia to enter into a commercial agreement with Canada; if one is arrived at, these goods will enter free from Australia, as they now do from Britain under the British preferential tariff. The British preference is increased by providing that a discount of 10 per cent. of the duty payable under the British preferential tariff shall be allowed on all goods dutiable under that tariff at more than 15 per cent. which are brought directly to a Canadian port. Otherwise, with a few insignificant alterations, the customs tariff is unchanged. And that the Liberal Government has announced that it shall remain substantially unchanged is the most striking thing about its financial proposals.

Though the Prime Minister attempted to minimise their effect, some statements of the Minister of Finance, who has a reputation for saying what the Government means, dashed any hopes that the Liberal party intends to reduce the customs tariff. "It is desirable," he said, "that something like an assurance of tariff stability should be given to business men"; and, after referring to the possibility of exceptions occurring and the impossibility of tying the hands of Parliament for the future, he added:

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"it is possible to give the country a reasonable assurance of stability of tariff." This, of course, was profoundly disappointing to the western advocates of a low tariff, and their representatives voted solidly against the Government. So, too, did the Conservatives; but as the proposals were not radically different from former ones of their own, obviously they did so for quite different reasons. And the Government, because no other party is able and ready to form one, was sustained by the votes of four members of the Opposition side. The significance of the situation is this: the west, which is the area of most rapidly increasing population, and, consequently, of increasing political power, is now, despite Mr. King's flirtations, as definitely detached from the Liberals as the last general election showed it to be from the Conservatives. In fact, though those of neither are bright, the chances of the latter are perhaps superior in the west; and as the Liberals have been routed in Ontario, the Government's forces are thrown back on the more restricted base of Quebec and the Maritime Provinces, where, because in three of the four provinces they now hold all the seats, their position is likely to deteriorate rather than improve. So, unless there is some union of forces—of which there is yet no sign—any return to the system under which a single party formed a majority of the House of Commons is even further distant than it has seemed.

The debate on the coming meeting of the Imperial Conference, for which the Government ought to have given better facilities and adequate notice, so that it might have been a full-dress affair, was sandwiched between consideration of two petty items of supplementary estimates in committee during the crowded dying days of the session, and was totally unworthy of its subject. It compared very unfavourably with the debate in 1921. Speakers wandered from the agenda over nearly all lands and times; a Labour member who raised the vital question of the Ruhr got a poor hearing and no reply; there was no general statement

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of policy by the Government; and the country has hardly even a vague idea of what is likely to occur. Perhaps little will happen; for though it is reported that half a dozen ministers will go, all are quite inexperienced, and most are imperfectly informed, about external affairs. But the circumstances are regrettable; for it is this amateurishness and unreality which makes the public take so little interest.

The debate on the halibut treaty was better; though there was a good deal of that unreal talk about "status" and "nationhood," of which the public, now that it has discovered that it so frequently involves only minor questions of form, has grown rather weary. On the admissions of the Government spokesmen, especially those of Mr. Lapointe, the member of the Government who signed the treaty, nothing of any real importance has resulted from the Government's action, which apparently was more or less of an empty gesture. It has added nothing to Canada's international power, prestige, or position. Perhaps the only feeling it provokes is one of regret that so much has been said about so little; but if it stands as a warning against amateur diplomacy it will not have been valueless.

Mr. Meighen substantially limited his criticism to what he termed the "unnecessary and indelicate action" in departing from "the historic form of executing treaties in which this country is chiefly interested"; and though he is constitutionally responsible for the ministerial acts and statements of his colleagues, this, apparently, was the view of Mr. Fielding, the Minister of Finance. His remark that, "whatever others may have said," he approved of Lord Curzon joining with him in the signature of the Italian treaty, which solely concerned Canada, and the report of a reputable journalist, who is generally supposed to enjoy much of his confidence, that "as a matter of fact, Mr. Fielding's absence [from the debate] was deliberate, and due to the fact that he has never approved of the procedure in connection with the halibut fisheries treaty,"

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and that "he would like to have been present and to have frankly uttered his feelings, which are very much in accord with those of the leader of the Opposition," may throw light upon the unity of the Government. Those who have felt disturbed that there has been some change in the diplomatic unity of the Empire may have their fears stilled by the approval given by both Mr. King and Mr. Lapointe to the doctrine that the latter "received formal full powers to treat and sign from the King on the advice of the Secretary of State for Foreign Affairs," as well as by Mr. Lapointe's statements that the treaty "has the same force, the same strength, the same validity, being signed by a Canadian, as it would have if signed by anyone else," and that "it was an act of gracious courtesy on the part of His Majesty the King to appoint Canadian men to sign Canadian treaties on his behalf."

Though Mr. Lapointe usually speaks with lucidity, and has obviously read widely on constitutional matters, there were some disappointing reticences in his speech, and it was difficult to discover from it what exactly the Government intended to accomplish or thought it had secured by its action. He agreed with the view of the British Ambassador at Washington that the Senate's reservation had widened the scope of the treaty so as to embrace all the citizens of the Empire, and also with the view expressed in the last number of *THE ROUND TABLE** that this would involve approval by the constitutional authorities of all those affected by it before it could be ratified; but he said that the Government wanted the treaty to apply, not, as the Senate desired, to any other part of the Empire, but to Canada alone, and that as exclusion from the halibut fishery could be secured by the passage of Canadian legislation closing Canadian ports to those who engaged in it, the Government did not wish to accept the reservation, and had "reasonable expectation" that it would be withdrawn by the Senate at the next session of Congress.

* *THE ROUND TABLE*, No. 51, June 1923, p. 628.

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There was no indication given of the ground for the Government's expectation, and it can scarcely be made firmer by Mr. Lapointe's "claim that by signing and accepting the signature of Canada on that treaty the United States have recognised the international status of Canada"; for the Senate could only consider it as a piece of Canadian sharp practice if they were held, by withdrawing the reservation, to have assented to what, by its very terms, they have implicitly denied. There must be a better way of getting the United States to recognise Canada's constitutional growth. It is obviously true that, with the possible exception of the Japanese, none could engage in halibut fishing in the Northern Pacific without basing operations on Canadian or American ports, and it would consequently be quite possible to exclude from it not only Canadian but all other British subjects by closing Canadian ports to them. As Mr. Lapointe's speech was diverted by an interruption when he was dealing with this branch of the subject, it is perhaps unfair to conclude that he would have ignored the fundamental right of self-governing British subjects to be bound only by laws to which they are constitutionally held to have assented, but if the Senate insists on the treaty applying to all British subjects, it would be obviously just to have the treaty constitutionally approved on behalf of all those who might be affected by it. Canadian legislation for its enforcement would then be quite unobjectionable. As ratifications need not be exchanged until November 15, in order to bring the treaty into effect for the close season commencing on the following day, the question may well be reserved for fuller discussion at the Imperial Conference in October.

Canada. July 20, 1923.

AUSTRALIA

I. FEDERAL POLITICS—THE IMPERIAL CONFERENCES

INTER-IMPERIAL relations, both political and economic, at present occupy the centre of interest in Australian national politics. The recent visit to London of four State Premiers on important missions in connection with migration, the forthcoming Imperial Conferences, and the British Empire Exhibition next year, are all aspects of the one complex problem. Australia is beginning to realise far more clearly than she has realised before the vital inter-dependence of foreign policy, defence policy, migration policy and economic policy. In practically every speech since his accession to office the Prime Minister, Mr. Bruce, has made the inter-dependence of these four factors his main topic. Largely as a result of his speeches, the forthcoming Imperial Conferences have been given even greater prominence in press discussions than the Conference of 1921, and there is a fairly general expectation that the Conferences will be more important in practical results than their predecessor.

As a result of this policy of publicity, Mr. Bruce will have behind him a better educated public opinion than Mr. Hughes had in 1921. In one other respect his equipment will be better than that of Mr. Hughes in 1921. He will have the assistance of one other Minister, whereas Mr. Hughes was the only Australian Minister present in 1921.

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In his speeches the Prime Minister has indicated the general line of policy which Australia will pursue at the Conferences. It is specially noteworthy that he has repeatedly emphasised the paramount importance of foreign relations and defence amongst the subjects to be dealt with at the Conferences. The decision of the last Imperial Conference that "having regard to the constitutional developments since 1917 no advantage is to be gained by holding a Constitutional Conference" (to define Empire relationships), was complacently accepted in Australia. This complacency was rudely shocked by the Lloyd George telegram, which showed that Australia's lack of interest in the foreign policy of the British Commonwealth did not exempt her from the full consequences of that policy. This event, followed later by the declaration of the Canadian Prime Minister that Canada must remain the judge of her own participation in war, and that she would not enter a war unless her own interests were directly touched, has seriously perturbed the Australian Ministry. The more recent declaration in the same strain by General Smuts has added to their perturbation. In the discussions on the Imperial Conference of 1921, which took place after the return of Mr. Hughes, neither the Ministry nor Parliament showed any realisation of the divergences of interpretation which underlay the smooth wording of the Resolution quoted above. The decision to abandon the Constitutional Conference appears to have been arrived at after an informal discussion of which no report was made; and it is therefore doubtful whether the present Australian Ministry have any definite knowledge of the views which were taken by the various Governments as to the real nature of "the constitutional developments since 1917." Subsequent declarations by British and Dominion Ministers have revealed strong divergences of interpretation, and of this fact the Australian Ministry take a serious view. They realise, as Mr. Bruce said in the House on March 1, that the question of the Dominions'

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control of foreign policy cannot be left in its present unsatisfactory position. The main line which they are likely to take in urging a clearer definition of Imperial relationships has been indicated forcefully by Mr. Bruce on a number of occasions. Briefly their position is that the nations of the Group must not merely speak but act together, that there must be a common foreign policy and a common defence policy for the whole Empire; and that in the framing of these policies Australia must see that she has an effective and not merely, as at present, a nominal voice. This position does not seem to square with the position taken by the Canadian and South African Governments. But it should be remembered that no Australian Government yet has taken the trouble to explain to the Australian people the nature of "the constitutional developments since 1917"; or to give Australia's interpretation of those developments; nor have those developments yet received in the Commonwealth Parliament anything like the serious attention which has been given to them repeatedly by the Parliaments of Canada and South Africa. It is important that the Prime Minister should take the public fully into his confidence before he leaves for the Conference. Unless he does so he will not be able to speak for an informed Australian public opinion in any debate which may arise with regard to the definition of the constitutional relationships of the component parts of the Empire.

With regard to the practical steps which must be taken to end the present "unsatisfactory position" in respect of consultation, Mr. Bruce has not been explicit. He has not given evidence that he realises as keenly as does Mr. Hughes, the late Prime Minister, that the main key to the problem of consultation lies in communications—wireless and the airship. But it is possible that the Ministry may support the policy repeatedly urged by Dr. Earle Page, the Commonwealth Treasurer, in the last few years, of maintaining touch with the British Government by means

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of a resident Minister in London.* Whether distance and the uncertainty of politics will prove insuperable difficulties in the way of such a policy remains to be seen.

So far as the Economic Conference is concerned, the position of Australia has been clearly enough indicated in the speeches of the Prime Minister, and in voluminous press and platform discussions during the last few months. These discussions have not revealed any great divergences of opinion between the Country and the Nationalist parties or even between the Coalition and the Labour party. The keen realisation of the interrelation between migration and markets, which has been a striking feature of recent discussions, has given a peculiar intensity to the demand for the development of reciprocal tariff preference with Great Britain. Mr. Hughes expressed a widespread feeling when he wrote recently "The Dominions have done their part. They have granted preference to British goods unconditionally. The next move is with Britain. . . . What are the British people going to do about it?" Mr. Bruce, as well as Mr. Hughes, has expressed the opinion that it is the people of Britain and not the Government that need conversion; and the former suggested in the House that the visit of the Dominion Prime Ministers might "create an atmosphere which will render possible the carrying through of arrangements which to-day appear to be beyond the realms of practical policy."

The Prime Minister in his speeches has devoted much attention to the Economic Conference, and has dealt very frankly with the question of Imperial Preference. The gist of his argument was well summed up in his speech on April 12 :—

The problem with which we are confronted to-day is not so much one of production as disposal of the goods produced. Australia

* On July 24, Mr. Bruce asked the Australian Parliament to give its views on the question of a resident Minister, and stated that if given access to Cabinet documents and consulted on all matters involving the interest of the Empire, such a Minister would be most valuable and give Australia a real voice in foreign affairs. (See *The Times* of July 25, last.)

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needs markets. We are pursuing a great developmental policy, which must be proceeded with, and we are hurrying men out to populate our empty spaces and produce more goods. We must now find markets. . . Britain depends upon the Dominions for the absorption of the bulk of her exports. We depend upon each other. That position should be developed and consolidated and translated into a definite policy. Australia has already granted a measure of preference to Great Britain, and now it asks that Great Britain should reciprocate and place our trade relations upon a definite basis. Unless this is done the schemes of Empire migration and settlement devised to keep Great Britain's sons within the Empire must fail through lack of markets for the goods they produce. The danger will be avoided if, as a result of the deliberations of the Economic Conference, an Empire policy is evolved of mutual benefit to Great Britain and the various Dominions.

In his speech before the Sydney Chamber of Commerce on April 5, the Prime Minister insisted that the Imperial Conference could not be held in a "proper atmosphere" unless there was a "blunt avowal" of the true position.

I propose (he said) to tell Britain exactly where we say the present position is absolutely unsatisfactory. . . . For the year 1920-21 we gave Britain a preference to our markets amounting to £8,750,000. Britain gave to us a preference into her markets amounting to £45,000. Gentlemen, that position is not equitable, and it is not reasonable that we should continue as we stand to-day.

He proceeded to quote the example of the meat industry, which proved to be of vital importance to the Empire during the war but was now in a desperate position, whilst "the shops of England were stocked with Argentine beef."

While we are in this position in Britain (he continued) we are almost daily receiving offers for reciprocal trade relations with foreign powers. . . . Up to date the Government has turned a deaf ear to every suggestion of that character from outside the Empire, and we are desirous above all things of going on doing so, but we have a duty to Australia and Australia's future, and we have got to find the market for our surplus supplies.

The picture which Mr. Bruce drew in this speech was of the true Chamberlain type—an Empire growing by means

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of "a great common Imperial trade policy" into "the greatest and strongest economic Empire that the world has ever seen or has ever dreamt of."

Words such as these may seem to suggest that the Prime Minister's conception of Imperial economic relations is hardly compatible with the development of a sane and healthy internationalism. But it should be remembered that he is a sincere and devoted friend of the League of Nations and is keenly alive to the necessity of reconciling the policy of the British Group with the best interests of the League. At the same time it must be admitted that in Australia the adoption of full reciprocal trade preference is often urged upon Britain without any thought as to the effect of a change in her fiscal policy upon her relations with other peoples, or of the effect of a general adoption of a system of Imperial Preference upon the international relations of the British Commonwealth as a whole. Nor have the possible methods of preference other than tariff, which were so ably explored in the Final Report of the Dominions Royal Commission, received sufficient attention in Australian discussions.

One of the main tasks of the forthcoming Imperial Conference will be to frame a workable scheme of naval defence in accordance with the decision of the 1921 Conference that "the Empire must have a navy adequate for its defence." What the policy of Australia will be at the Conference has not yet been determined, and the whole question of defence is wrapped in uncertainty. Uncertainty as to the future, assisted by a policy of severe economy, is unsettling and disheartening to the personnel of both the navy and the army, and making difficult recruitment for the naval and military colleges, and this alone makes imperative an early decision with regard to defence. The decision of the Admiralty to establish a naval base at Singapore has been on the whole favourably received in Australia. The press have been quick to realise that, as Vice-Admiral Creswell has tersely put it, "Singapore will

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have at its mercy the line of communications of any enemy fleets or armadas passing south of it. Briefly, Singapore and its grand fleet will have to be eaten up, digested and assimilated before Australia or New Zealand can be seriously menaced." The Admiralty's decision still, however, leaves uncertain the nature of Australia's contribution to naval defence. The Singapore proposal has not yet been fully examined in Australia, and whether or not the policy of the Ministry will include a contribution to the new base remains uncertain. Other points which their proposals may cover are the establishment of one or more subsidiary bases and fuel depots on the Australian coast, and the development of air forces as well as the maintenance of the efficient units of the present fleet, which may be strengthened as regards submarines.

With regard to the general principles which the Government will follow in framing its policy there is no such uncertainty. The following sentences from Dr. Earle Page's policy speech may be taken as summarising the principles which will guide the Government. "The main line of Australian defence must lie in the supremacy of the British Empire upon the seas. To this end Australia must be prepared to accept her responsibilities in men, money and unit of fleet, in consonance with a concerted Imperial plan." Whilst emphasising that the Ministry has no sympathy with any suggestion that the Australian navy should disappear as a separate unit, the Prime Minister has put forward as the ideal for the future "the co-operation of the British fleet and the Dominion fleets as one united whole, while preserving and maintaining their separate identity." The stationing of a British fleet at Singapore would of course greatly simplify the problem of co-operation with the Australian navy. But the base will take ten years to complete, and every year that the Australian navy forgoes the experience of fleet exercises in conjunction with units of the British navy must witness a marked decrease in its efficiency. It is possible therefore

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that the Ministry will adopt the practice of interchanging ships of the Australian fleet with similar ships of the British navy. The adoption of this policy has frequently been urged in Australia, not only for the purpose of increasing the efficiency of the Australian navy but also with a view to increasing the attractions of the service for Australians.

II. THE POLITICAL LABOUR CONFERENCE IN NEW SOUTH WALES

DURING the past six months a rift appeared within the New South Wales branch of the Australian Labour party (A.L.P.) which steadily widened until it threatened the existence of the whole organisation, and brought about the intervention of the federal executive of the party. This rift was occasioned by no question of principle or policy. It was merely one of those personal difficulties that continually arise within all sorts of organisations, and it is noticed here only because of the light it throws upon the evolution of the working class parties and on the machinery of the Labour movement, and because of the widespread attention it attracted in New South Wales.

In March, 1922, *THE ROUND TABLE** contained an article under the heading of "The Brisbane Conference," which endeavoured to set forth the relations between the various industrial and proletarian groups in Australia at that time. Attention was drawn to the widespread influence of the Australian Workers' Union (A.W.U.) in the councils of Labour in Australia, while the rise of the One Big Union organisation as the industrial expression of the more radical working class parties was noticed. Briefly the position was (and still is, to some extent) that the A.W.U. and the craft unions generally are the industrial reflexes

* *THE ROUND TABLE*, No. 46, March, 1922, p. 409.

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of the right wing of the Australian Labour party in the political world; while the O.B.U.,* supported by the radical coal miners, poses as the industrial reflex of the left wing. Outside the political parties stood the Communists, at first haughtily indifferent to the ways of the politicians, but latterly inclined by the example of Russia and the exhortations of Lenin, to descend into the arena of practical politics and join in the scuffle upon the steps of the parliamentary temple.

The political Labour movement in each State is governed, in theory, by the annual political Labour conference at which an executive is elected which practically rules the destinies of the party until the next conference. It scrutinises and endorses nominations for parliamentary elections, accepts the affiliations of local Labour leagues and unions, and generally controls the movement. But there has always been a vague no-man's-land of disputed authority between the executive and the Labour caucus—the body composed of the Labour members of Parliament in the State. This caucus has its own leader and executive and secretary and has generally dealt with the parliamentary side of Labour policy unhindered. But Labour members of Parliament are not eligible as members of the executive of the A.L.P. and must resign therefrom when they submit themselves as candidates for Parliament. In the early days of the movement, it was felt that the parliamentarians of the caucus were too close to the realities of the political situation to be subjected to the dictation of an inexperienced body outside Parliament like the executive of the A.L.P. But there has not been lacking in New South Wales a distrust of the never-ending audacity of the persons elected to represent Labour in Parliament, and recent years have seen a gradual encroachment upon the privileges of the parliamentarians by the executive as representing the rank and file of the movement.

The executive elected at the Labour conference in New

* i.e., The One Big Union.

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South Wales in 1922 has tended to enlarge this encroachment. Early in its year of office, it sharply rapped over the knuckles the federal parliamentary Labour leader, Mr. Charlton, his colleague the Labour leader in the Senate, Mr. Gardiner, and the N.S.W. State party leader and ex-Premier, Mr. Dooley, because they had issued a joint circular to the Labour leagues and unions in New South Wales exhorting them to strengthen and cleanse the Labour movement. The occasion of the circular appears to have been widespread accusations of corruption among Labour organisations in the pre-selection ballots for the federal elections. After this it was common talk that relations between the executive and the majority of the parliamentarians were strained. Finally the executive expelled Mr. Dooley from the movement. He had been charged with being privy to the appointment of a non-Labour man to the N.S.W. Upper House during the term of the previous Parliament. In the course of the dispute the matter had leaked into the public press, in which Mr. Dooley had made a vigorous attack upon the executive, accusing it of being "dominated by uncouth crooks." The executive replied to this criticism by declaring that Mr. Dooley's defiance "automatically placed him outside the Labour movement," and that he was therefore no longer leader of the N.S.W. Parliamentary Labour party. The expulsion of Mr. Dooley bereft the caucus of its chief. Twenty-three members, regardless of executive thunderbolts, re-elected their leader. The minority of the caucus came to heel and elected Mr. Gregory McGirr—a picturesque politician of the declamatory order—who was nominated to them by the A.L.P. executive. Further rebuked, the followers of Mr. Dooley remained recalcitrant, relying upon the verdict of the next conference to which their leader had appealed. Nothing daunted, the executive completed the holocaust and expelled the defiant twenty-three.

The excommunications of the executive could not, of

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course, affect the legal standing of these parliamentarians. They still remained members of the N.S.W. Parliament. The situation had excited widespread public interest and not a little derisive comment from the opponents of Labour. Since Mr. Dooley and the parliamentarians had appealed to Caesar in the shape of the annual conference, the executive determined to render the appeal innocuous by endeavouring to create a Caesar after its own heart. With this end in view it declared the whole matter *sub judice*, refused to allow comment of any kind upon it, and began to expel and disfranchise all local branches who dared to question its authority to rule the parliamentarians. The situation became positively Gilbertian. Refractory leagues were reconstructed in order to gerrymander the elections of delegates to the conference, which now became all-important. At this stage the federal executive of the A.L.P. stepped in on the ground that the whole Labour movement in New South Wales would be destroyed unless a representative conference were assured. The federal officers steadily refused to pass any judgment on the matters in dispute, but finally persuaded the N.S.W. executive, under threat of convening an independent conference by federal authority, to agree that, for the purposes of election to the conference, all local leagues and unions should be constituted on a pre-dispute basis.

Meanwhile the executive, apparently afraid of the turmoil it had roused, and not uninfluenced by the steady opposition of a minority of eight of its own members, began to make advances to what are generally known as the industrialists, that is, the party among the workers which stands for the control of the Labour movement by the trade unions, organised upon an industrial and not a political basis. With this end in view the executive called a conference of trade unionists in April last to discuss the future policy of the movement. Nothing could be accomplished at this gathering beyond passing several resolutions, which will have to be noticed later as they form the subject of important

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discussions at the annual conference. It was significant to find the executive pressing a prominent trade union leader like Mr. A. C. Willis, to bring his followers into the A.L.P. fold, from which he had been expelled as a militant by the moderates of 1919, with the connivance of many of those who now sought his return. It must not be overlooked that these industrialists are not all of one social creed. Some are guild socialists, some are merely "one big unionists," while some are declared Communists, in affiliation with the Third International. The most powerful body among them is probably the Coal Miners' Federation, which had already enrolled within the One Big Union. Of this Federation Mr. Willis is the acknowledged leader.

When the annual conference assembled it was obvious that not all the industrialists had listened to the voice of the charmer. The Communists and the majority executive had evidently pledged each other their support, while the minority executive were supported by the friends of the politicians and, to the surprise of most people, by the miners. Also there was a floating mass of suburban and country delegates who were not tied to either party in the dispute, but who were anxious to hear both sides and to endeavour to straighten the tangle. The tussle came over the adoption of the majority report of the executive. The dissentient eight members had prepared a minority report which practically condemned the whole policy and acts of the majority. After a long and bitter debate, in which the most extreme lefts of the conference supported the old executive, the minority report was adopted by a crushing majority. Incidental to this, a resolution reinstating Mr. Dooley was carried by 180 votes to 79. It was evident that the conference as assembled was thoroughly distrustful of the executive's sincerity, and deeply suspicious of its inactivity in the face of the grave charges of corruption that had been made in connection with the conduct of pre-selection ballots. The repeated exhortations of the whole press to "clean up the movement" had impressed the

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delegates, and the elections, which followed the adoption of the minority report, resulted in a complete *débâcle* of the old executive.

Any attempt to sum up the results of the conference in order to find where Labour in New South Wales stands to-day, is extraordinarily difficult because of the many cross currents of opinion and policy that exist within the movement. While the old executive has been defeated, its new-found allies—the Communists—have won several seats on the new executive. On the other hand the miners, the erstwhile allies of the Communists, in the One Big Union agitation, have secured the election (among others) of their leader—Mr. A. C. Willis—as president of the whole Labour movement in New South Wales for the next twelve months. Truly an achievement for a man who was expelled as a disruptive extremist four years ago! With the leaders of the miners and of the Communists upon the new governing body it must be regarded as being more radical than its predecessors, especially as these leaders are definitely the protagonists of the New Objective which was adopted at Brisbane in 1921 and which this N.S.W. conference formally endorsed as part of its platform.*

Moreover, towards the end of the conference another matter arose which indicated a change of front on the part of Labour in New South Wales. At the All Trades Union Conference of Australian trade unions held in Melbourne in June, 1921, a recommendation was carried that the A.L.P. should admit to its membership other parties who were fighting working class battles. Hitherto the A.L.P. had jealously refused to accept any divided allegiance among its members and would not affiliate the various Socialist and Communist organisations which make up the left wing of the Labour movement in Australia.† The recommendation from Melbourne was half-heartedly endorsed by the Brisbane conference of the A.L.P. in

* THE ROUND TABLE, No. 46, March, 1922, p. 412.

† *Ibid.*, p. 409

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October, 1921, but it was further recommended at the conference of industrialists which, as already mentioned, was called by the N.S.W. executive in April of this year. This matter was introduced in the recent conference by a prominent Communist with the object of altering the constitution to allow the recommendation to take effect. The chairman ruled that it could only be discussed as a matter of principle and could not be regarded as a motion altering the constitution, as requisite notice had not been given. The matter was keenly debated, the parliamentarians and country delegates opposing the admission of the Communists to the A.L.P. while they remained a separate party. After a division had revealed 122 for and 122 against the motion, the chairman gave a casting vote in favour of it. As the matter now stands, the proposal to affiliate the Communist party and other outside working class organisations to the A.L.P. is to be submitted to next annual conference. The present conference, according to its chairman, "has merely expressed an opinion upon the principle." On the other hand, declared Communists were present at this conference (and some of them were elected to the executive), though only as delegates of trade unions and affiliated Labour bodies, not as delegates of the Communist party. On the whole it would seem that the policy of permeation of reactionary trade unionism and hesitant Labour politics by the energetic disciples of the Third International, which has been advocated from Russia, is bearing fruit.

But several considerations forbid one to assume lightly that Labour in New South Wales has started down the path of extreme Communism because it has ranged itself for the time being behind leaders of a more radical type than formerly. For Labour, or any really vital movement, is continually in the process of moving onwards in policy and in the personnel of its leaders. The radicals of yesterday are the moderates of to-day. Moreover the rule of Mr. Willis will be tempered by the presence of several of

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last year's minority executive and several new members who are certainly "moderates." In fact the moderate section far outnumbers the so-called extremists or "Reds." Already this has been revealed by the personnel of the several sub-committees which the new executive has appointed. On no one of them has a Communist secured a seat. There is, too, a strong element among the country Labour leagues which is averse from spectacular experiments on the Moscow model, and which bluntly said as much to the conference.

Finally, the question of ultimate control as between the executive and the parliamentary caucus of the party has not been settled. Two resolutions passed at the April conference of trade unions advocated supreme executive control and group election of the executive of the party. The latter recommendation was shelved by the conference, the former has not been specifically endorsed. Mr. Willis professes to believe in direct executive control; but what will the Labour parliamentarians say to this? The political machinery evolved by Labour in this country is responsible for many dilemmas, and here is a fresh one. The Labour M.P. was always regarded as being responsible for his vote and actions, not to his constituents, but to the Labour caucus consisting of all the members of the party in Parliament. But was the caucus itself independent? For a while it was, for the reasons above noted, but in 1915 and 1916 Mr. Holman—the Labour premier—found quite definitely that conference regarded caucus as responsible to it. We have recently seen the executive elected by conference claiming this supervisory power over caucus and the parliamentarians stoutly resisting the claim and themselves appealing to conference against its own executive, a proceeding for which the constitution of the A.L.P. makes provision. Rule 33 of the A.L.P. constitution endeavours to be quite definite upon this matter. It reads: "The executive between conferences has plenary powers to deal with all

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matters of policy . . . but any member of the A.L.P. shall have the right of appeal to the conference next following from any executive edict." It was under this rule that the old executive expelled Mr. Dooley, and it was under this rule that the parliamentarians sought a stay of the executive proceedings. When the matter of executive control was brought up, towards the end of conference, the chairman, who had already declared for "full executive control" maintained that this was already provided by Rule 33. Being pressed to define the implications of the word "policy," especially with regard to the election of the leader of the parliamentary Labour party, Mr. Willis ruled that the rule would have to be interpreted "with due regard to existing constitutional rights of other sections of the movement." The conference thereupon passed a motion to the effect that the incoming executive should take into consideration this ruling. This ruling can hardly be said to have cleared up the situation. What are to be considered as "the existing constitutional rights of other sections of the movement"? Has the caucus constitutional warrant to elect its own leader, and make its own tactical dispositions? The old executive maintained that it had not. The conference did not offer any opinion on the matter. Obviously this conference has not, as far as one can see, expressly delegated its power of overseeing caucus to the executive it has just elected, and the matter stands just where it did before. If the conference is the source of authority, does it clothe the executive with full powers to meet any situation that may arise before the next conference, or is the executive merely a delegate of conference, and responsible to it much in the same way as the caucus seems to be? This is the dilemma which Mr. Willis was clear-sighted enough to see and in consequence of which he originally declared for full control being given to the executive between conferences. But later on, when he became chairman and had to face the responsibility of following his declaration with action, he

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apparently dodged the issue. The problem was not squarely faced at the conference just finished and it will have to be worked out between executive and caucus. But it is to be hoped that, under the new régime, its consideration will be undertaken dispassionately and not in a fog of recriminations, accusations, and personalities, such as accompanied its discussion in the earlier part of this year.

III. THE QUEENSLAND ELECTIONS

THE Queensland elections of 1923 have resulted in another definite victory for Labour, which takes up the reins of government in that State for the third successive time. General opinion, as reflected in the Australian press, seemed to be confident of a Labour defeat, the failure of Labour in the recent Federal and Municipal elections in Queensland being quoted as presaging the fall of that party in State politics. Only the few Labour papers in this country professed confidence in the result.

The Premier, Mr. Theodore, has come back with a majority increased from two to fourteen. Labour holds 43 seats, the United party 16 seats, and the Country party has 13 representatives in Parliament. There have been accusations of gerrymandering by the party in office, and these accusations have been denied. It is difficult to pass opinions on these matters without having the complete electoral figures available.

Mr. Theodore certainly confounded his critics by the support his party received in country constituencies, the Labour gains being largely in the rural seats. Yet this is not surprising in view of the very attractive rural policy he advocated. It is based on the idea of developing the country by means of co-operative associations of men on the land with the advice and the financial backing of the Government. Its ready acceptance by the farmers would

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seem to suggest that the time is ripe for a general extension of rural co-operation in Australia.

No doubt the victory of Labour is, in part, due to the disunion of the forces which opposed it at the polls. It is also due, to some extent, to the lack of any really constructive and attractive policy among its opponents. And it is certainly due in large part to the striking personality of Mr. Theodore. The Queensland Labour leader is at the moment perhaps the most acute political tactician in Australia. But he is more than this. He is a man of wide sympathies and he is an enthusiast for his reforms. He has something of that faculty for thinking in terms of the Commonwealth rather than merely of his State, which touches the imagination of Australians. Moreover, Mr. Theodore is a tireless worker and a good disciplinarian. His determined handling of the reduction of the Civil Service pay roll in the face of the opposition of his party stamped him as a strong man. It is not surprising that many have hailed him as the next Federal Labour leader, especially in view of the unimaginative leadership of that party since Mr. Hughes's day. But, up to the present, Mr. Theodore has not admitted that his ambitions extend to the Federal sphere. In truth he has a task worthy of his capacity in the governing and financing of Queensland. And as he begins his third term of office as Premier with an increased majority and an undiminished prestige, it is not wonderful that he does not hanker after the rather thankless post of leader of His Majesty's Federal Opposition.

Australia. June 22, 1923.

SOUTH AFRICA

I. THE POLITICAL SITUATION AND PARTY DEVELOPMENTS

THE parliamentary session which began on January 19 ended on June 23. The Government has successfully weathered all storms, has succeeded in placing some useful legislation on the statute book, and has made a determined effort to balance revenue and expenditure by judicious measures of retrenchment and to wrestle with the difficulties of the economic situation. The gold mining industry is on a much more secure basis as the result of the reforms effected after last year's strike*: notwithstanding the reduction of the premium on gold almost to vanishing point, the low grade mines have escaped the wholesale disaster which threatened them, and most of them can now face the future with increasing confidence; the diamond market is reviving, and sheep farmers have benefited by the rise in the price of wool. But though there are these hopeful features in the economic situation, trade is still bad, there is serious unemployment among Europeans, and farmers are complaining of great difficulty in disposing of their products at remunerative prices. As long as the depression continues no Government which attempts to do its duty, and resists the temptation to shirk difficulties and to seek short cuts to prosperity, can hope for popularity. Economy is applauded in theory, but every actual measure of retrenchment is denounced by Opposition speakers as

* Average working costs per ton of ore milled on the gold mines of the Rand have been reduced from over 25s. (pre-strike figure) to 20s.

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done at the wrong time, or in the wrong place, and as affording a fresh proof of the Government's incompetence, hardness of heart, and subservience to capitalist interests; and such denunciations, and the preaching of quack remedies for economic ills, find ready acceptance with electors who have long been feeling the pinch of bad times. While the results of the session may fairly be regarded as satisfactory from the Government point of view, the political horizon is, therefore, still darkened by lowering clouds which threaten defeat to the South African Party at the next election, unless conditions greatly improve before that ordeal comes.

The political situation at the opening of the session has already been sketched in THE ROUND TABLE.* The Government's working majority in the Assembly over all other parties combined then stood at 12.† It has since been reduced to 10 as the result of the loss of a South African Party seat to the Nationalists at a by-election at Oudtshoorn, an agricultural division of the Cape Province. The defection of the South African Party member for one of the Rand divisions, who crossed the floor owing to dissent from the Government's retrenchment proposals (which involve gradual reduction in the scales of salaries of railway and civil servants), and has since resigned his seat with the declared intention of seeking re-election as an Independent, now threatens to reduce it to eight. On the other hand new heart has been put into the South African Party by the recent success of their nominee in a by-election

* THE ROUND TABLE, No. 50, March, 1923, p. 422.

† The actual strength of the parties then stood as follows:—

South African Party	74
Nationalists	46
Labour	13
Constitutional Democrat	1
	—
	60

These figures show a South African Party majority of 14. The figure 12 is arrived at, as representing the working majority, by deducting the votes of the Speaker and the Chairman of Committees, who are both South African Party members.

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at Uitenhage, another division in the Cape Province, which, owing to the presence of a large railway vote, was a specially unfavourable terrain for the Government at a time when proposals for reduction of railway servants' remuneration were actually before Parliament. This contest gained an added interest because it was the first test of strength between the Government and Opposition parties subsequent to the formal declaration of a Nationalist-Labour Alliance for electioneering purposes, which was the most notable party development of the session just ended.

The March article referred to the manner in which the Nationalist and Labour parties were drawing together for the purpose of more effective co-operation in ousting the Smuts Government, and described the attempts which were being made by some of the leaders to facilitate this process by relegating to the background of ultimate ideals the two features of their respective programmes, "secession" or "republicanism" in the one case, "socialism" in the other, which repelled the rank and file of the would-be allies, and formed the chief obstacles to successful co-operation. Immediately the session opened General Hertzog gave notice of a motion of "No confidence" in the Smuts Government, and the debate on this motion, which occupied the first week of the session, gave the two Opposition parties their first opportunity of combining in a formal attempt to oust the Government from office. If they could agree in nothing else they could at least agree in denouncing the Government once more for its failure to avoid the industrial crisis of last year, for its attitude during that crisis, for the measures taken to suppress the rebellion and to punish the offenders, and for its responsibility for the period of depression which has ensued. General Hertzog, in opening the attack, did not confine himself to the record of the present Government but reviewed the sins of previous South African Party Governments which had held office since the end of 1912, the fatal date when he himself was ejected from General

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Botha's cabinet. There was therefore a good deal of raking in the ashes of the past which, though not strictly relevant to the occasion, helped to cover the absence of any attempt to outline the policy to be pursued by the Government, dependent on Nationalist and Labour votes, which would, presumably, have been called on to take office if the motion had been carried. The debate was remarkable for the bitter attacks made by members of the Nationalist party on the memory of General Botha, based more especially on quotations culled from Jameson's letters, included in Colvin's recently published biography, written during the period of the National Convention and the months which followed when Botha and Jameson were discussing the possibility of combining to form a "Best Man Government." One Nationalist member even went so far as to describe General Botha as a "Judas" and a "traitor to his own people" (that is, the Dutch people), and General Hertzog himself practically endorsed this accusation, which naturally aroused great resentment among members of the South African Party, both Dutch and English. The No-confidence motion was eventually rejected by a majority of 14 votes, a figure which, owing to the absence of some Opposition members, slightly exceeded the normal Government majority.

The pitched battle thus fought and won at the beginning of the session helped the Government and the South African Party by clearing the air, and by emphasising the ill-assorted character of the opposing combination, and their utter lack of any common constructive policy. The two Opposition parties continued to act together spasmodically during the session, but the gulf which divided them was constantly revealed in debate, and often also in the division lists. In the Budget debate, for instance, Nationalist and Labour speakers adopted lines of criticism which were not merely divergent but contradictory. While the Nationalists attacked the Government for its extravagance, and denounced existing taxation as excessive, except

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in the case of the mining industry, whose burdens they were eager to increase, Labour indicted the Government for parsimony, unjustifiable retrenchment, and the inadequacy of its measures for the relief of unemployment, and was prepared to recommend taxation measures, including heavier death duties and a land tax, both most uncomfortable suggestions for Nationalist landowners, by which, as they alleged, several additional millions could be secured for the Treasury. As Mr. Burton (Minister of Finance) complained, while one of the allies blamed him as a "terrible spendthrift," he was pilloried by the other as a "miserable miser." The reputed alliance between parties which spoke with such discordant voices became a stock subject for ridicule and bantering enquiry by Government speakers, and natural curiosity as to the terms of the supposed treaty between them was further stimulated by platform speeches delivered by General Hertzog in the Easter recess, in which he admitted that, in the event of being called upon to form a Government, he would probably have to invite Labour members to join his Cabinet. The actual terms of the alliance entered into between the two parties were finally revealed to the world by the publication on April 21 of a formal letter addressed by Colonel Creswell to General Hertzog and the latter's reply. Colonel Creswell began his letter by saying that, as any co-operation between the two parties was certain to be made the subject of hostile propaganda by the South African Party and its Press, he suggested it would be as well to put on record the actual facts of the position. He then proceeded to summarise as follows the results of certain conversations which had taken place "informally and without prejudice" between himself and General Hertzog :—

1. We found ourselves broadly in agreement in our view that the present Government acts as though dominated by the conviction that the interests of this country are best served by its taking what may be termed the "big finance" view of our various internal and economic problems, that its policy is not only injuring the present

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welfare of the country, but is seriously jeopardising our destiny as a civilised people; and that the necessity to combat this trend of policy, which has been growing continuously more pronounced in recent years, is largely the cause of the common opposition of our two parties to the present Government and the party supporting it.

2. We next examined whether there was any legitimate basis upon which we could recommend co-operation between our two parties, at all events so far as elections were concerned. It is clearly undesirable, if it can be avoided, to facilitate the election of Government candidates on a minority vote by splitting in three-cornered contests the votes of those opposed to the Government's policy.

3. The most obvious difficulty in the way of any such co-operation being effective is the fact that, quite irrespective of the real views and intentions of yourself and your party, the South African Party propaganda has inoculated numbers of the English-speaking section of the people in many parts of the country with the belief that if your party achieved power you would at once set about trying to cut the painter and establish a republic—the old secession bogey, in fact, of the 1921 election. In a lesser degree possibly, a few dwellers in the country districts have been induced to believe that the Labour party is a Bolshevik group, whose dearest wish is to decapitate or otherwise maltreat all owners of any property, or some such absurdity.

As the former point was so successfully drummed into the public mind at the last election, it is the more practically important to dispose of. Leaving aside the fact that, in common with the big bulk of Labour supporters, I am, as you know, unalterably opposed to any "cutting the painter," I pointed out that this is a matter upon which the great majority of English-speaking South Africans are very sensitive, and that an essential condition of any such election co-operation being effective was an explicit declaration on your side to reassure them that their votes at the next general election would not be used contrary to their desires in this matter.

In this regard you said that while no member of your party could be expected, any more than any member of the Labour party, to renounce his freedom to express, inside or outside of Parliament, any views he may hold on this or any other matter, you were able to give this explicit undertaking to electors at the next general election, viz., that in the Parliament which will then be elected, should a Nationalist Government come into power, no Nationalist member of Parliament will use his vote to upset the existing constitutional relation of South Africa to the British Crown. We agreed that under these circumstances we could quite properly recommend to our respective parties election co-operation on the lines indicated in paragraph 2 of this letter.

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Indeed, the fact of such co-operation would be itself an earnest of our sense of the urgent need that the next Parliament should devote itself single-mindedly to domestic measures required to promote the prosperity of the country upon lines more congenial to its people than those at present followed.

4. Pursuing our discussions, we recognised that the logic of facts would compel the taking up of measures which both parties would probably, in principle, support. But we also recognised quite fully the great difference which to-day exists between our two parties, not only of political outlook, but also probably in the racial and other prejudices which influence large numbers of the habitual party supporters, and we were agreed that in any election co-operation which may take place in any constituency it should be understood that the candidate of whichever party, if elected, would owe allegiance to his own party and no other, and that any votes given to him by supporters of the other party should be given on this clear understanding.

The letter concludes with a request to General Hertzog to confirm this summary and the suggestion that the correspondence should then be published in the Press. General Hertzog replied in a short note a week later, in which, after approving the proposal that a statement should be published, he continued, "I have carefully considered the statement submitted by you, and as it truly sums up the substance of our conversations, I have nothing further to add except to give it my full confirmation, which I hereby do."

It is noticeable that Colonel Creswell's letter, while setting out General Hertzog's pledge on the republican issue, says nothing as to any pledge given in return by Labour. Perhaps it is considered that Labour has paid "cash down" by the amendment of its programme, designed to lessen the aggressive appearance of the party's socialist aims already referred to in *THE ROUND TABLE*.^{*} The compact between the two parties was tersely summed up by Mr. Burton as an exchange of pledges, in which the Nationalists promised the Labour party "we will not steal your Flag for five years"; and the Labour party promised the Nation-

^{*} *THE ROUND TABLE*, No. 50, March, 1923, p. 424.

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alists "we will not steal your land for five years." This epigrammatic summary represents, of course, a South African Party view of the deal, but is probably not far from reflecting the true inwardness of the transaction as intended to affect the minds of the rank and file of the respective parties whose anxieties their two leaders desired to allay. It is, in any case, clear that General Hertzog's negative undertaking on the subject of secession, even taken at its full face value and in the light of the setting supplied by Colonel Creswell's comments, does not form any adequate foundation for co-operation between the two parties once the immediate object of the alliance, the defeat of General Smuts' Government, has been achieved. But, notwithstanding its obvious limitations and weaknesses, the compact may, if loyally adhered to, prove effective for its immediate purpose of securing the defeat of South African Party candidates. The Provincial Council elections, which are due to take place in all four provinces within the next few months, will provide a good opportunity for a preliminary test of its value.

II. THE PROVINCIAL EXPERIMENT

THE British Commonwealth, having members in every one of the five continents, each facing its own problems in its own peculiar circumstances, each feeling more and more its responsibility for its own destiny, yet all alike animated by the spirit of free government, and all conscious of a unity of outlook which is even more deeply felt than widely talked about, affords unique opportunities for carrying out political and social experiments.

But there is one experiment that will probably not be repeated in any part of the Commonwealth, and that is the experiment in provincial government which has been made in South Africa since union. An adverse conclusion must be drawn from the experience of thirteen years, even though

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it must be admitted that the experiment was not made under those conditions of free choice and mastery of the operative forces which are present in the case of a really scientific test. A glance at the history of the trial will show that the plan was adopted rather as a temporary expedient, a *pis aller*, than with any hope of its proving permanent.

From a political point of view the thread which holds South African history together is the idea of federation, since Saul Solomon, first of all South African politicians, advocated it in 1853, and Sir George Grey arrived in the following year to repeat, if possible, in South Africa the triumphs of his New Zealand federal policy. Federation was the basis of the policy of Lord Carnarvon and Bartle Frere in the 'seventies, of the railway and customs union advocated by Brand, Rhodes and Hofmeyr in the later 'eighties and throughout the 'nineties. In so far as Lord Milner had any definite policy in this regard between 1897 and 1905, federation was its ruling idea, federation if possible from within, but if not, from without. With the revival of popular government in South Africa in 1906 the idea of federation from within stirred once more. Yet the National Convention of 1908-9 achieved, not federation, but union.

Prior to the assembling of that convention, federation rather than union had held the field, not only in South Africa but in other parts of the world. With the sole large exception of Italy, federation had been the method by which the great modern aggregate States had been formed in Europe, America and Australia. Home Rule for Ireland meant to many the introduction of federalism into the United Kingdom. In South Africa, Natal and probably the Free State, as small communities, might be expected to favour a loose constitution in which their identity would be preserved. In the Cape two weighty bodies of opinion, marshalled respectively by Hofmeyr and Schreiner, at once unfurled the federal standard. In the Transvaal, the High

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Commissioner and even Botha and Smuts, though favouring the closest form of union possible, did not feel able to advocate more than an essentially federal constitution which might gradually be transformed into a truly unitary constitution.

The insistence on union at all costs came mainly from the South. Merriman had served his ministerial apprenticeship long ago in the first Cape responsible ministry, and the ultimate aim of that cabinet had been union by the absorption of the outlying territories by the parent colony. That was now out of the question; nevertheless he pressed for union rather than federation. Steyn also, of the Free State, was so convinced of the necessity of union, in view of the storm brewing in Central Europe, that he even voted against the establishment of Provincial Councils. De Villiers, too, the President of the Convention, had, in the middle of 1908, visited Canada and seen federation at work. He came back determined to have as little as possible of it in South Africa. He threw his weight, a weight much greater than some have hitherto allowed, on the side of union.

The main issue was decided in the first week of the Convention. Merriman moved in favour of a unitary constitution, Morcom of Natal in favour of a federation. Merriman won. Henceforward the Natal delegates fought doggedly to increase the powers which were to be allocated to these provincial authorities; but opinion in the Convention and in the country moved steadily against them. At one stage the Natal delegates went so far as to threaten to withdraw from the Convention, and threats of economic pressure by the Transvaal, which was making its own terms with the Portuguese at Delagoa Bay, were necessary to keep them in their seats.

The South Africa Act of 1909 therefore embodied a unitary constitution. It contained many federal features, but those who drew it up left no room for doubt that the Union Parliament and Executive were to be supreme

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over the provincial authorities. Some delegation of powers by the central Government was necessary if union was to be effected and to prove workable when achieved. But the provincial system actually adopted was admittedly an experiment and was not intended to be permanent. "It was hoped," wrote Sir Edgar Walton,* "that by eventually splitting up the provinces into smaller areas we should arrive at some general system as the model adopted by the Cape," that is, Divisional Councils.

In the Cape alone real local government existed outside the municipalities at the time of union. Divisional Councils, like the English County Councils, raised a large proportion of the money which they spent on local purposes. Since union the weight of the provincial system has tended to crush the life out of this healthy localism and to prevent its extension to other parts of the Union. At the same time, opponents of the provincial system, and they are many, hold that it fails to provide genuine local government. The provinces are too small to be national, in most cases too large to be local. The Cape province alone covers 277,000 square miles, that is, twice the area of Great Britain and Ireland, the Transvaal 110,000, the Orange Free State 50,000, Natal 35,000. So anomalous was the position in 1908 that a strenuous effort was made by the Transvaalers to split up the old Cape Colony, which was and is the unfinished torso of a unified South Africa; but, as the proposal was to give each portion less than its due share of representation, it was successfully resisted.

Union, then, was, as it were, snatched and held by a community which, for two generations past, had looked for nothing more than a loose federation. It was held at the price of the provincial experiment. The experiment has failed politically and financially, and, though the two aspects are intimately related, they can be discussed separately.

The political failure can be summed up in a sentence.

* *The Inner History of the National Convention of South Africa*, p. 288.

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The system has given us all the evils of party government with none of its advantages.

1. The executive head is the Administrator, an official appointed by the Union Government for five years, paid by the Union and irremovable by any vote of the Provincial Council. He is neither permanent official nor responsible Minister, unofficial chairman nor elected representative. He is not even a member of his own Council. Experience has shown that where he is weak he counts for little against the other limbs of the provincial Leviathan; where, as in the Cape, he is strong, he counts for everything.

2. The Administrator acts with and through an Executive Committee of four members elected by the Provincial Council by proportional voting. The intention of this rule was to discourage party government, to render unnecessary provision for special appeals to the electors by means of a dissolution, and to prevent the executives behaving like little parliamentary cabinets. Its effect has been to substitute for the solid responsibility of a single party, forced to stand or fall by a public vote in the legislature, a private give-and-take behind the scenes at the meetings of a composite executive. Discussions in council sometimes throw light on what is going on; odd rays of light are sometimes brought to bear from other quarters; but the general effect on the electors is a sense of insecurity, mistrust and a feeling of impotence in respect of public control.

3. The Provincial Councils are elected for three years and expire by effluxion of time. The constituencies are, except in the two smaller provinces, the same as those for the Union lower House; hence the party organisation which manages the one also manages the other, and the same general aims and ideas are operative in both cases. Membership of a Provincial Council is more and more regarded as an apprenticeship for the wider sphere of Parliament. Moreover, the fact that senators are elected at a joint sitting of Provincial Councillors and Members of

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Parliament for the Province tends to strengthen the identity of party interests in the two bodies.

4. The Councils' powers of legislation and taxation are strictly limited. Of the duties entrusted to their care "education other than higher" is far and away the most important. Were that taken away, the work remaining would not be sufficient to warrant their continued existence. None the less, the Councils have, from the first, conducted their business on parliamentary lines, though party cleavages have been more marked amid the diversities of the Cape and the Transvaal than in the comparative homogeneity of Natal and the Free State. The procedure of legislation is much the same as in Parliament and there is the usual apparatus of caucus, party whips, speeches and manoeuvres. The main difference is that the executive does not retire after an adverse vote, but usually patches up an arrangement by private negotiation, often, indeed, invoking the aid of the Union Government, which, to do it justice, does not willingly intervene in the parochial squabbles of the provinces.

5. But just as we have the forms and vices of party government with none of its advantages, so we have some of the forms and some of the vices of local government with few, if any, of its advantages. For the provincial system does not supply real local government. The very provinces where it might acquire such a character are just those where the federal, as opposed to the union, spirit is strongest, namely, Natal and the Free State. The Cape and the Transvaal are too big and complex to be ruled on local government lines by a single body. A strong Commission did indeed, in 1917, propose the formation of large Divisional Councils, seven in the Cape, four in the Transvaal, two in the Free State and one in Natal, as units of local Government in place of the Provincial Councils. The Union authorities were to have taken on the training of teachers of all kinds and to find 80 per cent. of their salaries. The Divisional Councils were to have been the

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local educational authorities, finding the odd 20 per cent. of the salaries, providing school facilities and appointing the teachers. The rest of their duties, for the successful discharge of which they would draw a grant-in-aid, were to have been those at present entrusted to the Provincial Councils. But they were to have no such legislative powers as are now possessed by the provinces. So far the scheme has come to nothing, but it remains on record as a reasonable alternative to the provincial system which can only be regarded politically as an unclassifiable monstrosity.

6. The financial weaknesses of the present system are discussed below, but here it may be noted that, on the political side, the central feature of parliamentary government is lacking, namely, the responsibility of the executive for meeting the expenses of government by taxes levied through the legislature. Throughout their history, provincial administrations have derived more of their funds from the Union exchequer than from their own provincial resources. Recent years of depression have proved that the ultimate liquidator of provincial deficits is not the provincial taxpayer as such, but the Union Government.

Moreover, readiness to adopt the essential fiscal basis of local government, a tax on real property, is conspicuously lacking in all the provinces outside the towns. One unhappy effect of the financial exigencies to which the provinces have been reduced is the accentuation of the already sharp divergence of fiscal interests as between the towns and the rural areas. The groaning townsman seeks relief through a tax on land, and the harassed farmer, worried by breaking prices and poor seasons, strives to shift the load on to the shoulders of the merchant and the mineowner. In so far as this division avoids the ancient racial cleavage, it may do some good, but it brings in its train evils of its own, which would still exist but would be far less pernicious if their noxious vapours could be dissipated in the larger air of a single Union financial administration.

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The financial failure of the system has been amply demonstrated by the Report of the Commission, whose terms of reference have already been given in THE ROUND TABLE.*

The Commission was appointed in September, 1922, as the result of a breakdown in provincial finance which had occurred earlier in the year. Parliament discussed the situation and agreed to a temporary loan of £200,000 each to the Transvaal and the Cape, leaving it to the projected Commission to inquire fully into the financial requirements and resources of the provinces with a view to necessary readjustments.†

The Commission's report was published towards the end of the parliamentary session this year, and its reception by Parliament, Press and public offers a melancholy illustration of the strength of the cleavage we have just referred to, and of its effect in preventing a balanced and disinterested attempt to solve the real difficulties in which we find ourselves. The towns greeted with a shout of relief the prospect of heavy reductions in provincial expenditure and the devising of new and more effective methods of control. At the same time there was still a disposition in some quarters, less marked this year than in the crisis of last year, to underestimate the importance of provincial services, especially education, and to demand cuts with insufficient regard to the consequences.

From the Nationalists, on the other hand, as claiming to represent the country interests, came the cry that this was a "merchants' report," and they pointed indignantly to its recommendation of a land-tax as a necessary basis for real local government, and to its call for reduced expenditure as a blow at the educational interests of the country people. Thus the whole issue was beclouded at once in the smoke and mists of party strife and sectional self-seeking, and the real merits of the report were not fairly

* THE ROUND TABLE, No. 50, March, 1923, p. 434.

† *Ibid.*, No. 48, September, 1922, p. 898.

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appreciated. There is little hope that the real problem of government with which we are faced will now be approached in the broad and disinterested spirit which alone can guarantee a solution. We shall have to await further developments and to allow some of the mists and passions of party strife to clear away before we can say that the question is really ripe for settlement. But, as a matter of fact, the report does carry us a long way, for it lays a sure finger on the real financial weaknesses of the system.

The document opens with a recapitulation of the steps which Parliament has taken since union to determine the financial relations of the provinces to the Union Government. The basis is the Financial Relations Act of 1913, amended several times since. The main principle of this Act was to guarantee to the provinces from the Union Government an amount equal to at least *one-half* of their total expenditure. This is the time-honoured "£ for £ principle" of South Africa's financial history.

The provinces were able to calculate upon certain defined sources of revenue :—

1. Certain fees, licences, etc., with power of legislation thereon.
2. Certain "assigned" revenues—*e.g.*, transfer duty, liquor licences, and (in some cases) native pass fees, but without power of legislation.
3. A subsidy of *one-half* of the annual expenditure of the province, provided it did not exceed that of the previous year by more than 7½ per cent. Any excess above that was recognised for subsidy only at the rate of *one-third*, but there was no limit.

Any expenditure not met from any of these sources was to be met out of "direct taxation," for which alone powers had been given to the provinces by the Act of Union. Special subsidies of £100,000 each were allocated to Natal and the Orange Free State for reasons connected with the circumstances of union. For a time, longer in some provinces than in others, the Councils were able to meet all their expenses without recourse to their powers of imposing taxation. Thus the total for *all* provinces under this head

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for 1913-14 was only £24,544, and of this £22,260 was raised in the Cape, always more advanced than the other provinces in respect of local taxation. (At this time the Cape had in force also a small local rate for education, and the proceeds of this should be added to the above total.) In the year 1916-17, the total for all provinces reached £210,182, seven or eight times that of the previous year. The Transvaal total rose from nothing at all in the previous year to £124,018, whereas that of the Cape increased only from £25,424 to £31,796, a normal increase, representing no new taxation. But it is from both the Transvaal and the Cape that the pressure has come to bring about a new situation, from the Transvaal because of rapid increase in expenditure; from the Cape, partly for the same reason and partly because of the speedy exhaustion of sources of new taxation that were still open.

In 1917 the first change came. On expenditure for education—the vast bulk of the total—the provinces could now claim full subsidy up to a 15 per cent. increase on the previous year's expenditure. On other expenditure the increase allowed was 5 per cent. But, as before, subsidy at the rate of one-third was allowed on anything in excess of these limits.

The natural result was a tendency on the part of the provincial book-keepers to transfer as much expenditure as they could to education account, and the thick-and-thin critics of educational costs have been presented with a somewhat over-weighted argument in consequence. A period of boom, however, allowed the system to continue. "Assigned" revenues rose and subsidies accumulated, so that provincial expenditure rose from £4,301,000 in 1916-17 to £9,229,000 in 1921-22, the great bulk of the increase coming from Union funds. When the tide turned, the provinces were committed to a high rate of expenditure, and "assigned" revenues shrank alarmingly. Hence they had to turn to the only source left to them and to find fresh means of taxing their own provincials.

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But the Union Government also was hit and wished to reduce its commitments. In 1921 subsidies were limited to the amount of expenditure of the previous year, with 5 per cent. allowed only on increases on education account. In 1922 came the real crisis and Parliament reduced subsidies to 90 per cent. of that of the previous year, allowing only for recognition of 3 per cent. increase in subsequent years.

. Thus the provinces were placed under a double pressure through the shrinkage both of their own revenues, "assigned" and "levied," and of Union subsidy. The Cape Administrator gave up the struggle last year when he failed to carry a sales tax, and accepted a loan of £200,000 from the Union Government wherewith to carry on until a readjustment could be arrived at. The Transvaal experimented with an Employers' Tax* (aimed, apparently, at the mines), and now has imposed a tax on the gross profits of "financial companies" registered in the Transvaal. The dominant Nationalist-Labour alliance is, however, in difficulties about the allocation of the new burdens as between town and country, and now the Transvaal also has caved in and turned to the Union Government with an appeal for a loan. Natal is less straitened, but we may fairly regard all the provinces now as being in a relation of appeal *ad misericordiam* to the Union Government. The severe test of hard times has proved beyond all doubt what many prophets have foretold, that they had neither the financial prestige nor the necessary sense of responsibility to play the part of semi-sovereign authorities to which some of them had aspired.

The Cape is now left with a deficit of over £400,000, exclusive of a further £600,000 in the shape of accumulated deficits of School Boards. In the Transvaal, though there is a small surplus this year, the shortfall for next

* The amount collected from the Transvaal Employers' Tax for the year 1922-23 was £172,000, of which £152,000 was from the Witwatersrand area.

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year is estimated at not less than £250,000, and there are deficits in the other provinces too.

Such is the general situation. Now as to the proposals of the Commission.

Its general recommendation is that the £ for £ basis of Union subsidy should be abandoned in principle as it has already been largely abandoned in fact. This basis gives to the Union authorities no control of provincial expenditure, and offers to the provincial authorities a strong inducement to extravagance, and thus throws the main burden in bad times upon authorities who have not really been responsible for the expenditure. England has had a similar experience in its own system of grants to local authorities.

Instead of the central Government accepting responsibility for a definite fraction of an indefinite expenditure, it is proposed by the Commission to divide responsibility on the basis of *services*. That is, that the Union Government, just as it already accepts financial responsibility for the education of natives, shall now accept responsibility for *all* provincial expenditure on education up to a limit fixed on a capitation basis. The rate, as suggested by the Commission, is calculated on the basis of the 1921-22 expenditure, and may be illustrated by the figures proposed for primary and secondary pupils :—

	£	s.	d.	
Cape	14	0	0	per head.
Natal	14	2	2	"
Transvaal	16	15	8	"
Orange Free State ..	15	8	1	"

This is a fairly liberal scale and, with some slight readjustments as between province and province, should prove adequate.

The Union subsidy would cover expenditure on education calculated on the capitation basis. All other provincial expenditure on other services or in excess on education

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would be met out of "assigned" revenues and purely provincial taxation. Thus the provincial taxpayer would know more exactly what he has to pay for and the responsibility of the Administration to the taxpayer, though restricted in its scope, would be more complete and real within the scope still allowed to it.

Whatever may be the fate of the main recommendations of the report, and whatever may be the prospects of its adoption as a whole, Parliament will be compelled next session to take action on at least two of the vital financial issues which are raised :—

(a) It must lay down a revised basis for the payment of Union subsidies.

(b) It must define much more precisely the sources of taxation which may be utilised by Provincial Councils. The Commission itself proposes to allow them as taxes in regard to which they may use their own taxing powers :— liquor licences ; dog, fish and game licences ; motor and wheel taxes ; entertainments tax ; taxes on racing ; immovable property tax ; education fees for other than compulsory education, and hospital fees.

But such action as is possible is being taken now :—

1. The Union Government is arranging loans to provinces, especially the Cape, to liquidate accumulated deficits, interest and sinking fund being chargeable against the province's own revenues.

2. Conferences between the Union Government and the provincial Administrations are to take place with a view to discovering what can be done by the provinces themselves in the first instance to restore financial order and to make a nearer approach to a common system.

3. A single scale of salaries for teachers—one of the main items of provincial expenditure—is to be formulated, and the Union Government will use its authority and influence to have this adopted by the provinces.

4. Most important of all, perhaps, at the moment, is the emphatic statement by the Commission that, so far as

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expenditure upon education is concerned, it is unable to make final and definite recommendations until ultimate questions of policy have been considered. What, for instance, are to be the limits of the State's responsibility? To what ends, up to what levels, and in what forms and types is it to subsidise education? These are questions not primarily of *financial* policy, but of *educational* policy, and the Commission is to be commended for making this so clear, and for avoiding the grave blunder of detaching "economy" from policy. But as the Commission had no powers to consider policy, it recommends that these questions be now taken up by a new Commission, and Government has announced its acceptance of the suggestion. The composition of the new Commission is not yet known; but well-informed and disinterested educational opinion throughout South Africa is convinced that in the interests of national education, some measure of unification is inevitable, and, indeed, overdue.

These are the main immediate results up to date of the appearance of a report which is, in many respects, a model State document, thorough, lucid and logical.

The more distant consequences cannot be foretold. It is quite clear that we must leave the situation to develop for some time yet, before we can deal decisively with our provincial problem. But whether the provincial system disappears altogether or remains in a very much modified form, two things are abundantly clear now, and this report has helped to make them so. They are:—

1. That political institutions which are so constructed as to leave financial responsibility in a medium of uncertainty and cross-purposes cannot possibly last, but may work infinite mischief before they finally collapse.

2. That local government is impossible when a locality (a *real* "locality") is not prepared to assume a large enough share of the financial burden to guarantee stability and a steady check upon extravagance. The growing centralisation of South African State finance is a danger which is not by

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any means appreciated as it should be. Demoralisation of a very serious kind is possible unless a scheme of local government is devised upon a stable basis in local finance. Already the signs of such demoralisation are beginning to appear.

South Africa. July 17, 1923.

NEW ZEALAND

I. THE POSITION OF THE GOVERNMENT

AT the time of writing the new Parliament is about to assemble for its first session, leaving out of account the brief session of February whose sole object was to test the state of the parties. It will be remembered that when Mr. Massey met the House in February, his majority of three on the no-confidence motion was secured by the support of three Liberal members whose election pledges had committed them to supporting him on such a division. Since that time the three election petitions which came to a hearing have been disposed of—all in favour of the Reform party. In two cases the sitting members were of the Reform side, and the petitions were dismissed. In the third case, where the Hon. Mr. Lee (Minister of Justice) suffered defeat for Oamaru at the General Election by the narrow margin of fourteen votes, the petition resulted in the voiding of the election. This, together with the lamented death of the Hon. Sir William Herries (Tauranga), gave rise to two by-elections, the public interest in which has probably never been surpassed in the history of by-elections in this country. The first to be decided was that for the Tauranga seat, a rural constituency which had long been a Reform stronghold, and which had returned Sir William Herries in November with the substantial majority of about 1,400. In response to a widely subscribed and pressing invitation from within the electorate itself, Sir Joseph Ward, the former Liberal leader, entered the lists against the official

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Reform candidate, Mr. McMillan, an old resident of the district, but new to political life. Sir Joseph had not been a candidate for any constituency at the General Election, and his reappearance on the political platform after his comparatively long absence excited keen interest throughout the country. There were many considerations which gave rise to the belief, very generally entertained, that in spite of the large Reform majority in November, Sir Joseph would succeed in wresting the seat from the Government. His reputation for finance, coupled with the apparent need for a representative of his calibre, was expected to weigh heavily in his favour. Furthermore, the Liberal gains at the General Election, and the strong support which appeared to be awaiting a Liberal champion, were deemed in many quarters to be evidence of the rising tide of Liberalism which was to sweep all before it. Moreover, many were of opinion that the apparently strong adherence of the Tauranga electors to the Reform party was due to the great personal influence and popularity of Sir William Herries, and that the elimination of that factor would greatly weaken the prospects of the Reform candidate. The issue was obviously a vital one so far as Mr. Massey was concerned, and treating it as a real test of party strength he adopted the unusual course of entering personally into and conducting the campaign, the actual candidate being effectually eclipsed by the ministerial luminaries who filled the political heavens of Tauranga. The position from the outward show was fairly put by the Christchurch *Sun* in its issue of March 27, 1923 (a day prior to the election) as follows :—

One of the most curious features of the contest is the obliteration of Mr. McMillan, the Government representative. Nowadays he is nowhere to be seen or heard—outside the district, at any rate. He “starred” on the bill-boards early in the piece, only to be relegated to the background as the fight warmed up. Mr. Massey has taken the matter out of his candidate's hands, and, with one or two of his Ministers, is launching and leading offensive after offensive against

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the enemy. . . . Mr. McMillan has not cut a conspicuous figure since Mr. Massey assumed control. From being a "plain, simple" man, he has degenerated into a pawn in the game. This is not entirely his own fault, though it may be his misfortune. The Prime Minister has staked practically his all on winning the seat. It is his political future, not Mr. McMillan's, that is really the issue in Tauranga. If the Government is defeated to-morrow, Mr. Massey's hopes—forn ones at best—of being able to carry on without a fusion will be shattered. An adverse poll will mean either a dissolution, or, in the alternative, a working arrangement with the Liberals.

It is safe to say that not even the most sanguine Reform supporter was prepared for the overwhelming majority of 1,100 votes by which Sir Joseph Ward was defeated. At the General Election in November, Sir William Herries, without any great effort, had accounted for a mediocre opponent by 1,400 votes. That the Government was able, against such a redoubtable opponent as Sir Joseph Ward and with a candidate in no way comparable to Sir William Herries, to retain that majority, less some hundred votes, was undoubtedly a notable achievement, and incidentally something of a personal triumph for Mr. Massey; but its significance from the party point of view is not to be overrated. Whilst one may easily pretend to wisdom after the event, it is not difficult to point to substantial factors which made the candidature of the former Liberal leader an ill-judged move from the outset. He could hardly have chosen a more unfavourable battleground. Tauranga lies in the Auckland provincial district, which is the stronghold of the Reform party. It adjoins Mr. Massey's own electorate, and is a rural constituency which for over a quarter of a century was continuously represented by Sir William Herries, one of the great stalwarts of the Reform party. Sir Joseph Ward had always represented a constituency in the southern extremity of the South Island. It is little wonder, therefore, that the people of Tauranga refused to be diverted from the political allegiance to which they had long been habituated.

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Following hard upon the decision at Tauranga came the announcement that the Election Court had declared void the Oamaru election on technical grounds connected with the marking of certain ballot papers. The by-election was contested by the same two candidates as were engaged in the original contest, and resulted in an unmistakable confirmation by the electors of their original choice—the majority of Mr. Macpherson (Liberal) over the Hon. Mr. Lee (Reform) being increased from fourteen to upwards of three hundred. A supreme effort was made by Mr. Massey during the campaign to recover the seat for the Government. Success in that direction meant increasing his majority on a no-confidence motion to five, and in view of his recent experience at Tauranga there appeared to be no reason why a determined effort should not again produce its reward. Again Mr. Massey personally conducted the campaign, spending the whole period which it covered in the Oamaru electorate, and overshadowing the course of events by his strenuous personality. Again the Reform candidate's individuality was merged in the party he represented, and the matter was put plainly to the electors as an issue of confidence or no-confidence in the Government. The Dunedin *Evening Star* commented as follows (April 20, 1923) on that aspect of the matter:—

If any temptation had been felt by the ex-member for the electorate, whose seat makes the prize at issue, to consider this conflict peculiarly his own, he has been quite ready to waive his claim in favour of his leader. The willingness which he has shown to subordinate himself, indeed, for an ex-Minister, has been altogether remarkable. "The fight," he is reported as saying at the first Palmerston meeting, "was not between Mr. Macpherson and him. It did not matter much to the public which one of them was elected. It was the strength of the Government that counted." And the fight, if such it can be called up to this stage, has certainly been treated by him in the spirit of that disavowal. Mr. Lee's part so far has been no more than to precede the Prime Minister at successive meetings, much in the manner in which the heralds or pursuivants-at-arms, who did not fight themselves, preceded the champions in the old tournaments, announcing the grounds of the conflict, wishing them joy of the onset,

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and then retiring to a safe obscurity and leaving them to it. The only complaint made of the explanations of this pursuivant is that they have been too long. He has been over-anxious to disclaim any responsibility of a kind that might be thought unsportsmanlike for the combat which is being waged so much more for him than by him.

Mr. Massey's action in undertaking so much active campaigning in Oamaru was subjected to strong criticism on the part of Opposition journals. His intervention nevertheless did not avail against the sympathetic attitude which the electors were bound to display towards the unseated candidate, having regard to the extremely technical grounds on which the election had been declared void.

The result of Mr. Massey's two strenuous campaigns, therefore, left him in precisely the same position as when he faced the no-confidence motion in February. Provided the three Liberal members who then supported him continue their support on crucial occasions, the Government majority will still stand at three when Parliament meets. In the light of these facts Mr. Massey therefore meets the House with the political barometer indicating unsettled weather. His position is altogether unsatisfactory, as the margin of security is inadequate to meet contingencies, and, as pointed out by the Hon. Mr. Downie Stewart in the debate on the address-in-reply in February, Ministers who possess only a precarious majority necessarily feel at a disadvantage in preparing their policy and legislation. To add to Mr. Massey's difficulties, the Hon. Mr. Guthrie, Minister of Lands and Railways, has been obliged by reason of ill-health and on the very eve of the session to relinquish his portfolios. Mr. Guthrie is the only member of the present Executive who has had experience in leading the House during the Prime Minister's absence, and if Mr. Massey himself leaves for the Imperial Conference prior to the adjournment of Parliament the position will be rendered still more inconvenient.

Whatever vicissitudes may await the Government during the ensuing months, there is a strong feeling abroad that a

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dissolution should be avoided, and that, should Mr. Massey find himself unduly hampered in his legislative programme by the present state of the House, the interests of the country demand some satisfactory working arrangement between the Reform and Liberal parties. The difference between them is mostly in name. On vital matters they stand for substantially the same policy, and it is at least certain that they have interests in common more than sufficient to justify combined action in view of the threatened ascendancy of the Labour party. One of the strong Government organs referred to the position recently in the following terms (*Otago Daily Times*, May 3, 1923):—

We are still of opinion, however, that it should be possible to avoid a premature appeal to the country—which might again produce inconclusive results—and to assist the cause of stable government by fostering a spirit of understanding and co-operation. It is to be feared that the circumstances of the two recent by-election contests may not have tended to improve the prospects of an accommodating arrangement between Reformers and Liberals; but reasonable patriotism on both sides should rise superior to separate influence, old or new, and we should like to see Mr. Massey approaching the question of an entente in a resolute and conciliatory spirit.

II. THE IMPERIAL AND ECONOMIC CONFERENCES

THE Imperial and Economic Conferences, to be held in London during October, have of late attracted unusual attention in this country. This is no doubt due to the manner in which their importance (particularly from the economic aspect) has been stressed by the British Government, as well as to the pressing nature of the invitation given to Mr. Massey to be present. The feeling of the country is that it is imperative that Mr. Massey should attend the Conferences in person, and in view of that probability (or in any case so as to make arrangements for the adequate representation of New Zealand) Parliament has been summoned to meet in the early part of June,

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instead of at the end of that month, as customary. Should the House decide that Mr. Massey is to attend the Conferences,* it will be necessary for him to leave at the end of August or the beginning of September, and it is more than likely that a determined effort will be made by him to complete the business of the session before he leaves. In that event the session will be a short one, with little opportunity of discussing the matters likely to come before the Conferences, even should Mr. Massey be desirous of providing such an opportunity. Past experience does not encourage the hope that Parliament will be invited to discuss Imperial problems with the object of affording help and guidance to the Prime Minister. Whilst no one would suggest that he should be sent abroad unduly limited in his powers, or rigidly instructed on matters in which it would be impossible beforehand to form a proper judgment, it should at least be his duty to ascertain in advance the mind of Parliament upon certain subjects where the factors are known with reasonable completeness; for instance, Imperial defence. Parliament might well be asked to make a definite pronouncement of the willingness of New Zealand to discharge its belated duty by assuming a fairer share of the burden now resting heavily on the Mother Country. Such a pronouncement would strengthen the hands of the Prime Minister and at the same time enhance the self-respect of this Dominion. There are other matters on which valuable guidance might be afforded Mr. Massey by discussion in Parliament. As regards the Economic Conference, the preparatory work which has been undertaken in the Mother Country (and of which the Press has kept the New Zealand public apprised) has given a most valuable lead to the Dominions, and should undoubtedly greatly facilitate the proceedings of the Conference.

* It is understood that Mr. Massey will attend the Conference, though he may not arrive in time for the opening session.

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III. THE ECONOMIC SITUATION

THE wonderful recuperative power of this small country has again been illustrated by the publication of a statement of the Dominion's finances for the year ended March 31, 1923, which shows a surplus of £1,315,683. The position as compared with the previous year is as follows:—

	1922-3	1921-2
Revenue	£27,579,443	£28,127,007
Expenditure	£26,263,760	£28,466,837
Surplus	£1,315,683	
Deficit		£339,830

The principal increases of revenue were as follows:—

Customs, £936,856; departmental, £416,009; beer duty, £153,230. Land tax shows a decrease of £96,314, and income tax £2,171,055. There was a decrease in the expenditure of £2,203,077 compared with the previous financial year, the principal decreases being: railways, £1,527,053; postal, £336,145; and defence, £222,629.

The foregoing figures show that a substantial surplus was realised, notwithstanding very heavy reductions in the revenue arising from land and income tax and railways. The effects of the financial depression are reflected in the reduced income tax and railway returns.

Mr. Massey in recent speeches referred to the great increase in our export figures, from £23,000,000 eight or nine years ago to £45,000,000 last year. He referred to the opinion expressed by him some years ago that if our exports went to £50,000,000 our troubles would end, and pointed out that with the increase in exports that mark would be exceeded. This year our produce from dairying was valued at £16,000,000, and there were still thousands of acres suitable for dairying that had not been used. The total trade figures for New Zealand had increased from 45 millions in 1913 to 82 millions for the past financial year. The imports for the same period had increased by 68 per

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cent., and the exports by 98 per cent. The wages in manufacturing industries had increased from 5½ millions in 1913 to 11½ millions in 1923.

Mr. Massey has definitely indicated the intention of the Government during the coming session to introduce proposals for the reduction of taxation to the extent of two millions or thereabouts. In particular, he has foreshadowed a substantial reduction in the rate of taxation on companies, and this reduction, if brought into effect, will afford a measure of relief where it is most urgently required. The strongest protests have been made against the continuation of a system of taxation which is deemed to operate oppressively and repressively as regards commercial enterprise.

Although the Prime Minister's recent utterances on the financial position have been optimistic, and he has, with reason, dwelt on the soundness of the Dominion's credit (as evidenced by the favourable terms on which the last loan was raised), there are many indications still abroad of the effects of the financial depression. The bankruptcy returns for 1922 show a total for that year of 695, as against 356 in the previous year, and 145 in 1920. The number last year was the largest since 1886 and 1887, when there were considerably more bankruptcies, but when the amounts involved did not compare with the aggregate liabilities last year. In considering the bankruptcy returns, regard should be had to the fact that the foregoing figures do not include private assignments and arrangements with creditors. Both those methods of dealing with cases of insolvency are extensively resorted to throughout New Zealand, and if the figures were available they would form a considerable addition to the actual bankruptcy returns, as would also the figures relating to company liquidations. It may be added that the monetary figures involved in the 695 bankruptcies for 1922 are not so great as might be imagined. The aggregate of the debts proved was £834,356; assets declared in statements filed (excluding amounts secured to creditors), £334,861; amounts secured to creditors,

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£1,498,819; amount of assets realised by the assignees, £126,145. It is interesting to note about the occupations represented in the foregoing figures that farmers were largely in the majority, there being 197 out of the total of 695. It is also interesting to note that, classified according to the amount of liabilities in each case, 349 of the bankruptcies had liabilities under £500; 160 from £500 to £1,000; 108 from £1,000 to £2,000; 50 from £2,000 to £5,000; and 28 over £5,000.

The conditions of trade throughout the Dominion are steadily improving, partly because of the increased returns from the country's primary products, particularly wool and dairy produce, and partly by reason of the great stability which now exists in market prices generally. The feeling of nervousness and uncertainty which prevailed a year or two ago is giving place to one of confidence which is steadily gaining in strength and imparting a healthier tone to the commercial life of the community.

At the same time there are still great numbers of people, both manual workers and those dependent on fixed incomes, on whom the continued high cost of living is bearing oppressively, and who must find it impossible even with the strictest economy to make provision for anything beyond current necessities. Apart from that aspect, there must still be a comparatively large number of traders and farmers who have not yet extricated themselves from the precarious position in which they were placed consequent upon the depression, and it is not to be supposed that because there is a marked improvement in trade conditions, the commercial community has finally weathered the storm. It is, however, reasonably certain that with no serious set-back occurring in the measurable future the country will soon readjust itself. One of the greatest obstacles to readjustment is the mischief created by the inflated values of farming and dairy lands, particularly in the North Island. Many of those who bought in at high prices have averted ruin solely through the forbearance of

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their mortgagees, many of whom have (in cases where the mortgage was given to secure unpaid purchase money) been obliged to make substantial concessions in their own interests as well as in those of the mortgagors. In certain districts where the position was acute, the Government endeavoured to some extent to facilitate arrangements of that character between mortgagees and mortgagors by releasing a specially qualified official to conduct negotiations and offer advice, and the result was satisfactory, so far as it went. The continued operation of the moratorium has also been an important factor in easing the position of mortgagors generally.

The spectre of unemployment has, as might be expected, been rearing its head to a greater extent than usual. Last winter the unemployment figures increased very rapidly, and the position was met fairly satisfactorily by commendable activity on the part of the Government in providing outlets for additional labour in the shape of special road and other works, and on the part of local authorities in the main centres of population by raising special funds to enable various relief works to be carried out by the surplus men available. The winter upon which we are now entering promises to bring with it a recurrence of the problem of last year, though probably not in so acute a form. One of the most serious features of the matter, from the point of view of national efficiency, is that a large proportion of the unemployed are unskilled men who are also in many cases not fit for heavy work and in many other cases are not willing to leave the centres of population. Side by side with the surplus of unskilled workers we have in some trades an actual shortage of skilled workers. The following statement in support of that fact was issued within the past few days by the Central Progress League at Wellington, which has taken more than a casual interest in the unemployment problem :—

The great difficulty was always the unskilled men who were not fit for heavy work. While these men were walking about looking

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for work, not one competent tradesman had called at the League's office, and some trades were very short of skilled workers. There were far too many casual workers and not sufficient tradesmen, which meant a great loss in national efficiency, together with distress and want among the unskilled workers and their dependants. Every pathetic appeal that was made for light unskilled work brought home to one the social and economic neglect in not providing for, and even insisting on, many more of these men learning trades.

The problem of the unskilled man, which has been brought into prominence by the prevalence of unemployment, goes hand in hand with another problem which for several years past has increasingly exercised the minds of all thinking people, namely, the general dearth of apprentices in the skilled trades of the Dominion. Whether the avoidance of the skilled trades is due on the one hand to the tendency of our education system to encourage boys to seek more genteel occupations, or on the other hand to the opportunities that have been afforded boys in recent years of earning at unskilled work far greater wages than they would receive as apprentices, the fact remains that apprentices are few in most trades and almost non-existent in many. In dealing with the matter the *New Zealand Herald* (April 5, 1923) states the position thus :—

Dissatisfaction with the present-day preference of both parents and children for "white collar" occupations is heard whenever the educational authorities discuss the working of the system. On the other side, men in touch with industrial life equally deplore the degree to which the earlier attainment of wages beyond a pittance attracts boys into unskilled occupations. Between the two the trades requiring an extended period of training to acquire skill seem to be starved of recruits. It will not be seriously questioned that a good, sound primary education should be the minimum for the boy who would be a skilled craftsman. Yet reports from the Education Department show that whereas 20 per cent. of those who leave school before passing the sixth standard learn trades, only 9 per cent. of those with that qualification do so. It is hardly likely that pupils hasten to leave school in order to begin learning a trade. The more probable conclusion is that boys having passed the sixth standard are not contented to become skilled artisans. They find some other career more attractive.

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A concrete illustration of the position of certain trades was given within the past few weeks before the Conciliation Council, when it had under consideration the dispute between the carpenters and joiners and the master builders. The union representative pointed out that whereas some 2,500 parties were cited by the union in the matter of the dispute, and each had a right to at least one apprentice, there were throughout the Dominion to-day not more than 500 apprentices. Whilst that position may in some measure be due to the defects in the present conditions of apprenticeship, it reveals a state of affairs calling for urgent remedy. The Government has for some time past been taking definite action in the matter in consultation with educationists as well as employers and employees, and is promoting legislation during the coming session to deal in a comprehensive manner with the law relating to apprentices. Details of this proposed legislation are not yet available, and are being awaited with considerable interest.

IV. HOUSING

THE various schemes embarked upon by the Government during the past few years in the direction of providing homes for the people have achieved only partial success in dealing with what is still an urgent and pressing problem. During the past year there has been greatly increased activity in the building trade, and a marked increase in the number of dwellings erected by private enterprise. The supply of houses in the main centres is still hopelessly inadequate to meet the demand, and the conditions under which many families are living, by reason only of the lack of proper accommodation at rentals within their means, are such as to call for urgent remedy. Much prominence was given recently to the state of affairs in Auckland, our largest centre of population, through the publication of the result of investigations made by a special

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committee (comprising leading social workers) set up by the Council of Christian Congregations in that city to inquire into the housing conditions.

One speaker, in describing instances of overcrowding, stated that 1,000 to 2,000 new houses were wanted in that particular city. Another prominent social worker declared that there were not merely hundreds but thousands of cases of overcrowding, and that the evil was not confined to the poorest class, but had now spread even to those able to pay for decent accommodation, but unable to obtain it.

The latest proposal made by the Government to relieve the situation is to extend the operation of the State Advances to Workers and Settlers scheme by providing for advances to individual borrowers for the erection of homes on specially liberal terms. The State Advances Office has been of inestimable benefit to the people of this country for many years. Loans are granted on an instalment repayment system ranging from 20 to 36½ years, interest being charged at the low rate of 4½ per cent. By this means thousands of people have been enabled to procure their own homes, the payments required of them under their mortgages being equivalent to a very moderate rent. The system as hitherto applied, however, presupposes the ownership of a certain amount of capital to begin with, as a fair margin of security based on conservative Government valuations is insisted on. Mr. Massey's new proposal, which is not to interfere with but to be supplementary to the existing system, is that loans will be granted to the extent of 95 per cent. of the outlay in purchasing a section and building a house thereon. He has definitely promised to introduce legislation along those lines and to have it disposed of at the beginning of the session. The proposal is expected to find general support, for although the Government is bound to incur loss in many cases owing to the negligible margin of security, it is safe to assume that the great bulk of borrowers will be able to maintain their

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instalment payments, and so steadily improve their own and the Government's position. The measure is on sound lines inasmuch as it encourages the idea of self-help, and past experience of the administration of the State Advances Office gives confidence that the new scheme will be wisely controlled. The adoption of such a scheme seems to imply an admission on the part of the Government of the failure of its previous attempts to meet the housing problem by erecting houses. Instead of providing the houses, it now intends providing the money for the erection of houses by the people themselves, and the new principle is undoubtedly the sounder one.

V. THE LICENSING ISSUE

SINCE the failure of the Prohibition vote in November to reach the absolute majority required to bring it into operation, there have been certain developments which are calculated to have a far-reaching effect upon future polls. During the campaign prior to the last poll, a scheme of licensing reform short of Prohibition was propounded by certain members of the Auckland Diocesan Synod in response to a challenge thrown out by Prohibition members of the Synod that those who opposed Prohibition should produce some definite and drastic scheme of reform in proof of the honesty of their convictions. When publishing the original proposals, those responsible for them made a pledge that they would, in the event of Prohibition not being carried, exert every endeavour to bring the proposals before the country, and to have them carried into legislation. In pursuance of that pledge negotiations were opened by them which resulted in the holding of a conference at which there were present representatives of the Auckland Anglican Synod, the Associated Clubs, the Moderate League, the Brewers' Association, the Wholesale Wine and Spirit Merchants, owners of freehold hotel properties, and the

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Licensed Victuallers' Association. This conference decided to form an association, to be known as the New Zealand Licensing Reform Association, with the object of carrying into effect the proposals agreed to by the conference. Such proposals are the promotion of legislation to eliminate the existing third issue of State Purchase and Control, and the substitution at the next licensing poll of a third issue to be called "Corporate Control," providing for the carrying into effect of a system of licensing reform, the principal characteristics of which are :—

(1) That the ownership of licensed premises, and the manufacture, importation, and wholesale distribution of alcoholic liquors be exclusively vested by Statute in a corporation.

(2) That all owners of hotel premises, holders of brewers' licences and wholesale licences shall be required at a date to be determined to sell their properties, and in the case of brewers' and wholesale licences their business as manufacturers and wholesale vendors to the Corporation.

(3) That the Corporation shall have a nominal capital divided into shares equivalent in amount to the value of the assets taken over, including in such amount a sum equal to three years' net profits actually earned by such businesses; the capital of the Corporation to be divided into A and B Shares (20 per cent. of the total being A shares and the remaining 80 per cent. B shares); the A shares to be allotted to the Government of New Zealand without any payment in cash, and to have an earning power equal to that of the B shares; provided that all dividends accruing on A shares shall be applied towards payment of the same, till such dividends reach in the aggregate the nominal value of the shares; thereafter such A shares and all dividends thereon to be the property of the Government; the B shares to be allotted to the vendors proportionately.

(4) That the profits of the business of the Corporation shall in each year be divided, but with a limit of 10 per cent., all profits over and above that limit to be applied to national purposes, such as extinction of National Debt, payment of hospital subsidies, construction and maintenance of public highways, etc.

(5) That the Corporation be under the sole direction of a board of nine, of whom the Government shall have the right to nominate a chairman and four other members, the B shareholders electing the other four, and that the constitution provides for a Government majority at all times on the board, thus ensuring the combination of business management with direct Government supervision.

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(6) That legislative power be given to the Corporation to act as the sole authority for the issue of permits to sell alcoholic liquors, subject always to the right of appeal before a magistrate.

(7) That the Corporation have no power to alter the total number of licences for the sale of liquor in licensed premises, nor the hours of sale, for the time being in force in the Dominion; and that the conditions under which permits are granted or continued for the sale of liquor in licensed premises shall be the maintenance of hotels at a high standard of conduct, and the provision of adequate accommodation to meet the requirements of the public.

(8) That the Corporation have power, on the termination of any lease, to grant a permit instituting the café system for the sale of light wines and beer where it may be deemed advisable to restrict the sale of spirits.

Whatever result may be reached by this new association in its efforts to secure legislation on the foregoing lines, its formation represents the first real attempt that has been made on the part of those interested in the licensed trade in liquor to shape a definite scheme of reform. The proposals may for that reason secure a measure of support from a section of the community who have of recent years voted for Prohibition not so much for its own sake as for the sake of showing that they were heartily tired of the abuses of the trade and its constantly dishonoured promises of reform.

A significant development arising contemporaneously with the foregoing is the combination of practically the whole of the brewery interests in the Dominion in a company with a capital of £1,500,000 which has been floated under the name of the New Zealand Breweries, Ltd., and has offered its shares to the public for subscription.

It is probable that licensing legislation will not be introduced by the Government this year, but will be reserved for the following session. In the meantime the indications are that a strong effort will be made by the promoters to shape public opinion along the lines of the elaborate scheme of reform outlined above. In common with other parts of the world, New Zealand is watching the American experiment with keen interest, and it is safe to

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say that its success or failure will largely determine the issue in this country.

New Zealand. June 10, 1923.

Postscript

Since this article was written Parliament has met, being opened on June 14. The Opposition speakers, both Liberal-Labour and Labour, have demanded that the House of Representatives have the opportunity of discussing, in advance, important subjects which are likely to be brought before the Imperial Conference. The Liberal-Labour leader (Mr. Wilford) has mentioned particularly Defence and Preference; and the Labour leader (Mr. Holland) has referred to the status of the Dominions, the attitude of the Dominion to the League of Nations and the position in the Near East, in respect of which the Labour leader claimed that it should be clearly understood that New Zealand should not be dragged into war. Mr. Holland has further claimed that no secrecy should be allowed in respect of the policy to be pursued at the Conference, that Mr. Massey should go as a delegate and not as a representative with full powers, and that, failing an assurance to such effect, the Prime Minister should not be allowed to attend the Conference. Mr. Wilford, on the other hand, has merely allowed it to be inferred that the Prime Minister will receive a different consideration from the House if a discussion is permitted upon the Conference agenda paper.

The reply of the Government is, in effect, that the circumstances of the Prime Minister's mission are special and peculiar, that the subjects to be dealt with relate largely to foreign affairs and naval defence, and that a judgment can only be formed upon such matters after consideration of confidential memoranda and a free interchange of ideas and opinions in respect thereof. The Government admits, however, that it would be the duty of the Prime Minister to have the decisions made by him ratified by Parliament.

In short, the Government's plea is that Mr. Massey should not attend the Imperial Conference pledged to any particular line of policy, while the attitude of the Opposition is that the Prime Minister should have lines of policy laid down for him on what have been termed "front rank questions." The demand is for open diplomacy. It is made by a formidable Opposition, and there are indications that unless the Prime Minister accedes to this demand he will be unable to adjourn Parliament during the period of his absence, and consequently that he will not, himself, feel free to attend the Conference.

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