

THE ROUND TABLE

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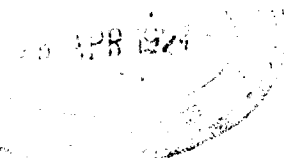
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THE LOCARNO TREATIES

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I.

MR. AUSTEN CHAMBERLAIN is certainly to be congratulated on the manner in which he has brought the negotiations for a Security Pact, which began last February, to a successful issue at Locarno on October 16 last. He and his principal colleagues, Herr Stresemann, who initiated the proposal for a Western Pact, and M. Briand, who returned wholeheartedly in 1925 to the task of appeasement from which he was abruptly thrust aside by M. Poincaré in 1922, at Cannes, have avoided many of the quagmires and quicksands which seemed to threaten their hopes last summer, and have drafted a set of treaties more satisfactory and more practical than seemed possible at that time. Whether the Pact will be ratified or not is still uncertain. At the time of writing, the opposition to it in Germany is formidable. On the other hand, the treaties, if they solve certain difficulties, also give rise to an entirely new set of problems, extremely serious in character, both for Europe and for the British Commonwealth. It is the purpose of this article to estimate, as fairly as possible, both the advantages and the disadvantages of the Locarno Pact. Let us begin with the advantages.

The Locarno settlement, looked at broadly, does three things. In the first place, it marks the definite termination of the war era. Europe is no longer to be officially divided into two hostile camps—allied and enemy—and its diplo-

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macy is no longer to be based upon constant ultimatums backed by overwhelming force and occasional acts of war, such as the occupation of the Ruhr. If the Locarno agreements, written and unwritten, go through, the enemy Powers will take their seats at the council board of the League of Nations on equal terms with their late enemies, the war time occupation of the Rhineland will be sensibly relaxed, and the problems of Europe will be dealt with in future by the ordinary diplomatic methods of negotiation and discussion and upon the broad basis of the validity of existing treaties. That is wholly to the good. There is nothing to be gained by keeping alive the irrational aspects of the war time mind.

In the second place, the treaties are a definite and solemn affirmation of the permanence of the frontiers of Western Europe as laid down in the Treaty of Versailles. All the parties agree that these frontiers shall cease to be a bone of contention in Europe, and undertake both that they will not try to alter them by force, and that if any of them attempts to do so, the rest will combine to prevent it. That is also wholly to the good. If the promise of these treaties is fulfilled, the frontiers of mid-Western Europe ought gradually to become as stable as are the frontiers between France and Italy and Spain.

In the third place, the treaties are an endeavour to place inter-state relations in North, Central and Western Europe on a new basis, namely, that the Powers concerned rule out war as a method of settling disputes and substitute for it arbitration, using the word in the widest sense, together with the sanctions necessary to make it effective. This aspect of the Locarno settlement is incomparably the most interesting and the most important. If arbitration as a method of settling international disputes can be made more and more a practical alternative to war, a new era for the world will have dawned.

Viewed from these three points of view, the Locarno treaties are a great advance, and are pregnant with hope.

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If they go through they will undoubtedly represent a fresh start and create, at any rate for a time, a new spirit in the politics of Europe. As such they are to be wholeheartedly supported.

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BUT it is possible also to view the treaties from another point of view—as being pregnant with danger, and even disaster, both for Europe and especially for the British Commonwealth. If we are to come to a sound judgment about them, it is no less important to consider this aspect also. The whole world has rung with acclamation of the treaties since October 20 last. It is our thankless task now to consider what can be said on the other side, and what can be done to guard against the dangers to which they give rise.

In the last issue of *THE ROUND TABLE** it was urged that any pact must comply with certain fundamental conditions. On the one hand, it must be capable of dealing with the realities of European political life. On the other hand, if it was to be signed by Great Britain, it must be compatible with her special position as an island off the continent of Europe, and the centre of a world-wide Commonwealth of Nations. How far do the Locarno treaties fulfil these conditions? Let us consider the European aspect first.

Europe to-day is confronted by two major political problems. The first is the gradual restoration of Germany, potentially still the most powerful State in Europe, to a position of real equality in its Councils. This does not simply mean her admission to a seat on the Council of the League of Nations, and the abandonment of the diplomacy of ultimatums, or even the evacuation of the Rhineland.

* *THE ROUND TABLE*, No. 60, September 1925, p. 652.

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It means the restoration of a situation in which the armaments of Germany will be broadly equivalent to those of her neighbours, and her country freed from all military or other servitudes which are incompatible with the normal rights that international law gives to every sovereign State. The difficulties, and, it may be, the dangers which will follow the recovery by Germany of that status of independence and power, to which she is naturally entitled through the number and capacity of her people, will certainly be immense. There is no use in blinding ourselves to this fact. But there is certainly no way of escaping them by trying to keep Germany permanently in her present position of inferiority or dependence. To attempt to do so would only make a new war certain at an early date.

The treaties of Locarno are a recognition of this fact, and go a long distance towards the establishment of normal conditions. But they do not and could not at present complete the process. They do not shorten the duration of the occupation of the Rhineland, they do not alter the terms about the control of the Saar Valley, nor do they deal with the vital problem of armaments. In particular they do not restore to Germany what she calls her "liberty," that is, they do not alter the relative defencelessness of her position under which her army is limited by treaty to 100,000 troops, while her neighbours maintain about 1,000,000 men along her frontiers. But by giving Germany a seat on the Council of the League of Nations, probably the most fruitful single feature of the Locarno settlement in its effects on European politics, they make it possible for her to raise these and any other questions which affect her in a peaceful manner. They begin, therefore, though they do not conclude, the solution of the first of the fundamental European problems of to-day.

The second of the major problems is the situation in Eastern Europe. Here the gain by the Locarno treaties is much less obvious. Their basis is that France, Germany, Belgium, Poland and Czecho-Slovakia undertake in no

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case to go to war with one another, but to invoke arbitration in its place, and to abide by its results. Great Britain and Italy guarantee that this procedure shall be observed in Western Europe, France in Eastern Europe. The word arbitration has been wisely extended to include procedure which is not strictly arbitral at all. It now includes "conciliation," or the reference of non-justiciable disputes to a Permanent Conciliation Commission nominated by the parties, which will have power to advise or propose a settlement, but whose judgment neither side is bound to accept, and failing solution through the Conciliation Commission, it provides for reference of a dispute to the League of Nations under Article 15 of the Covenant, whose advice the parties are also not bound to accept unless the Council, apart from the disputants concerned, is unanimous.

These provisions are probably adequate for dealing with purely Western European questions, most of which seem to have been permanently settled by the great war and the treaties which followed it. But will they suffice, even between the signatories themselves, for the peaceful solution of Eastern European problems, *e.g.*, the Polish Corridor, Upper Silesia, and so on? Still more, will they prove workable in the light of the fact that neither Russia, nor Hungary, nor any of the Baltic or Balkan States are parties to them? Mr. Ramsay MacDonald, who has recently made a tour of the capitals of Central Europe, was quoted in *The Daily Herald* of October 20 as saying:

I am profoundly impressed by the persisting state of unsettlement in Central and Eastern Europe. Political instability, financial chaos, economic unsettlement and misery grow worse as you proceed farther East and South. Tariff barriers prevent a return of stability and prosperity. The new frontiers are only accepted with gnashing of teeth by the vanquished nations. Nationalist exasperation breeds a dangerous spirit of Chauvinism and Fascist social reaction If war is to devastate Europe again, it will come from the East. To face this danger is European statesmanship's most urgent task.

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Mr. Ramsay MacDonald is almost certainly right. The real questions which threaten war in Europe are in the East. The Locarno treaties hardly touch the fringe of these questions. What will happen if trouble begins, say, between Russia and one of her neighbours, and spreads so as to involve some of the signatories of the new treaties? Can the arbitration treaties be made to work at all, unless they include Russia and all the other Eastern European powers, and unless Russia joins the League of Nations? Even if they become general, will they really serve to keep the peace? Though the existing Governments undoubtedly mean loyally to live up to them if they are ratified, can all their successors be expected to do so? What policy will Germany pursue when she has recovered her freedom and her strength? We can attempt to give no answer to these questions. We are only concerned to point out that the real effectiveness of the arbitration treaties is inevitably quite problematical. It is pretty certain that they cannot stay as they are. They will have to be extended throughout all Europe or they will be thrust aside by the violent passions which still rage in its Eastern parts.

So far as Europe is concerned, therefore, the arbitration treaties are an experiment, wholly sound in their ideal conception, but of doubtful efficacy even in the limited area in which arbitration is to be applied by them. That experiment ought certainly to be proceeded with, for when it is added to the other features of the settlement, the entry of Germany into the League and the stabilisation of the frontiers in the West, it may help to lift Europe out of the slough of exaggerated nationalism and militarism in which it still lies. The scheme as a whole ought to be worked for all that it is worth, but it is legitimate to entertain some reserve as to what its ultimate results may be.

There is one other point on the European side. It is, at the time of going to press, already evident that there will be no ratification of the treaties by Germany without a real struggle. Opposition to the Pact is partly based

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on practical objections to the renewed and voluntary abandonment of Alsace-Lorraine, to the obligations imposed on Germany by Article 16 of the Covenant, to the estrangement from Russia which signature may involve. But it is also the outcome of a more dangerous spirit. The inheritors of the traditions of the old "Imperial Germany," of what might be called the "old gang" who control large sections of the Nationalist parties, are opposed to the Pact because they sincerely believe that the only way in which Germany can recover her freedom, and still more provide for her recovery, is by the use of force, in diplomacy and war, and that signature of the Pact will involve a voluntary surrender to a system of international arbitration, co-operation and peace, which will hopelessly tie her hands and prejudice her future. The fight over the treaties, it would seem, is going to be the first real encounter between the new liberal Germany and the old militarist Germany.

As such, the outcome will be of the utmost moment to the rest of Europe and the world. Internal party difficulties may delay a German signature. But if the treaties are finally rejected it will mean that the reactionary forces are once more in the ascendant and the new diplomatic attitude of Europe towards Germany would necessarily have to be revised. If they go through with the considered judgment of a real German majority behind them, it will be a proof that the liberal forces in Germany are stronger than has sometimes been supposed, and that Europe is going to give the new spirit and the new arbitral method born at Locarno a real trial.

The final test of the value of the Locarno treaties, however, even if they are ratified, will not be shown by the signatures attached to them, but by the figures of armaments of the European Powers in the following years. If the treaties fulfil the expectations of their framers, the armaments of the Powers will fall and the ratio between them will become more equal. If that result does not

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happen, we shall know, for all their imposing appearance, that the treaties have had but little peace-making effect on Europe at large. For it is impossible to say that there is any real security for lasting peace in Europe until the armaments of its member States are fixed at a moderate figure, by a general agreement, which can only be amended after notice and consultation between all concerned.

III. THE OBLIGATIONS OF GREAT BRITAIN

IN the last issue of the *ROUND TABLE** the view was expressed that Great Britain ought to be willing, as part of an all-round settlement, to undertake commitments in the West of Europe roughly equivalent to those in which history showed her to be involved by her geographical position, but that it was essential that such commitments in the West should not be such as to involve her in war in Europe as the result of complications in the East of that continent. It was also suggested that the renewal of the guarantee to Belgium might prove to be the simplest and most effective way out of the apparently excessively complex undertakings contemplated in the earlier correspondence between France, Britain and Germany. How far do the Locarno treaties comply with these conditions?

There is no doubt that Mr. Chamberlain has made a vigorous effort to keep Great Britain from becoming automatically involved in Eastern European quarrels. The Locarno treaties do not impose on Great Britain any additional obligation to "arbitrate" her disputes with the other signatories, beyond those she has assumed under the Covenant of the League of Nations. Her legal commitment is confined to a "guarantee of the territorial *status quo*" of the Franco-German and Belgian-German

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frontiers, as laid down in the Treaty of Versailles, and of the observance of Articles 42 and 43 of that Treaty which relate to the demilitarised zone. The guarantee takes the form of an undertaking that inasmuch as Germany, France and Belgium have solemnly undertaken that they "will in no case attack or invade one another, or resort to war against one another," the signatory Powers "will each of them come immediately to the assistance" of the aggrieved party when the Council of the League declares that war has been made upon it, or a breach of the demilitarisation clauses has been committed, or, where the violation has been "flagrant" and in the opinion of the signatory Power is "an unprovoked act of aggression," and where, also in its opinion, "immediate action is necessary" without waiting for the decision of the Council of the League.

These obligations are not so large as some contemplated at an earlier stage, but they are very formidable, none the less. They automatically involve Great Britain as a principal in every Western European dispute. Under the new treaties she is absolutely pledged to do her utmost to maintain the integrity of the existing frontiers and of the existing demilitarised zone in Western Europe against any modification by force. We are not even now convinced that Franco-German reconciliation and the stability of Western Europe could not have been equally well effected with a less extensive and automatic commitment on the part of Britain. The Locarno commitment goes a great deal further than the guarantee to Belgium or the proposed Anglo-American guarantee to France of 1919 against "unprovoked aggression"—a much looser undertaking. It is also, in moral effect, much more binding than the general obligation implied in the signature of Articles 42 to 44 of the Treaty of Versailles.

Frankly we are profoundly concerned at the possible consequences of an arrangement under which Great Britain will abandon her freedom of choice and the advantages of

* THE ROUND TABLE, No. 60, September 1925, p. 654.

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her geographical position to the extent now proposed. Our objection to it is not to the fact that Great Britain has declared herself to be vitally concerned in the stability of the Western settlement, but to the fact that she has bound herself to use sanctions in so automatic a form. For in its fundamental character the Pact is an undertaking not to make peace but to go to war. We are now, to all intents and purposes, making the frontiers both of France and Germany in the Rhineland part of the frontiers of the British Empire, and to that extent putting it within the discretion of European Powers to determine when Great Britain is to go to war on the continent of Europe. This is a tremendous commitment for Great Britain, burdened as she is with liabilities in every other part of the world, to assume. It is not very far short of undertaking to act as a fire curtain between France and Germany. It may lead to immense difficulties both with the Dominions and the United States. Moreover, we are extremely doubtful whether the treaties, as drafted, do give effect to the fundamental premise that has underlain all the negotiations, that the obligation of Great Britain is to maintain the *status quo* in the West only, under the general supervision of the League of Nations, and that the obligation to intervene does not extend to Eastern Europe.

Let us consider the last point in somewhat more detail. Do the new treaties, despite the repeated public declarations of British statesmen that Great Britain does not regard herself as bound to intervene in Eastern European disputes, make it possible for her to be dragged into what is really an Eastern war because of her commitments in the West. Let us examine the question in a concrete way. Let us suppose, what is certainly much more than a hypothesis, that some time in the next ten or twenty years war breaks out in the East of Europe, either about the frontiers of the new States or between Russia and her European neighbours, and let us suppose that, as would be almost inevitable, Poland or Czecho-Slovakia or Germany became involved.

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not because they took the initiative in trying to alter the *status quo* in the East, but because the *status quo* being altered by a third party, they were driven in self-defence to intervene. And suppose, as would then also be extremely probable, that France and Germany were drawn into conflict, either under the terms of the new Franco-Polish treaty of guarantee, or because France could not afford to see Germany victorious in an Eastern European war, the hostilities between France and Germany would certainly break out in the West and would involve both a violation of frontiers and a breach of the demilitarised zone, under circumstances which probably would not fall within the three exceptions permitted under Article 2 of the Security Pact. What would the obligation of Great Britain be? *Ex-hypothesi* the dispute would relate not at all to the West, and war would have occurred despite the efforts of the League of Nations to prevent it. It seems clear that under the new treaties Great Britain might be legally bound to intervene against the Power whose troops first went to war or concentrated in the demilitarised zone.

A moment's consideration will show the kind of situation which might thus arise. One day Parliament might be anxiously enquiring of the Foreign Secretary whether there was any likelihood of a conflict between France and Germany arising out of some acute Eastern European question. The Foreign Secretary might have to reply that the situation was very menacing, that hostilities had already commenced in the East, that both France and Germany were mobilising their armies, and that, despite all the efforts of the League of Nations, the hope of arresting an open collision seemed to be hourly diminishing. The Leader of the Opposition would then presumably ask: "And if war does break out, and the Rhineland is invaded, would Great Britain be involved, and on which side would she have to fight—the German or the French?" The Foreign Secretary would be forced to reply: "She will very probably be bound to intervene, but on which side I

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do not yet know. I will tell you later. It will largely depend upon which Power is the first to make war or effect a breach in the demilitarised zone."

This illustration may be rather an extreme example of the difficulty of trying to regulate international affairs by treaty, and of how easy it is for abstract or theoretic procedure to get away from reality and fact. Of course, no nation will undertake the supreme sacrifice of war on a purely legalistic or mechanical test such as this. If it enters a war it will do so on the basis of its view of the merits of the dispute in question and in accordance with its own vital interests. To think that the question of whether it would fight France or Germany could be determined by such a triviality as to which army happened to be the first to cross a particular line at a time when the issues at stake were world issues, such as those which underlay the wars of 1870 and 1914, is patently absurd. How many recruits would a recruiting sergeant raise for a war against France if M. Poincaré returned to power in France next year, and proceeded once more to invade the Ruhr because Germany had defaulted under the Dawes agreement? Yet the Locarno treaties, literally applied, might well lead to such situations.

Apologists may reply that the treaties are so drawn that it is possible to wriggle out of any of their clauses, that the League of Nations can be invoked to overrule such logical and legalistic deductions, or that under modern conditions Great Britain will be dragged into any European war, however hard she may try to stay out. There is some truth in all these contentions. It is certainly true that there is a very wide margin of discretion possible in determining the meaning of such words as "flagrant violation," "an unprovoked act of aggression," or "come to the assistance of." But if treaties are to be of any use at all as the foundation for a new and better international order, it will be because the nations are agreed upon what they mean, and have confidence that the signatories

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will live up to their obligations, reasonably interpreted. Treaties which cannot be given effect to in a common-sense manner, and which do not carry the moral obligation of fulfilment, do far more harm than good. They create distrust and suspicion, bitterness, recrimination and war, instead of confidence and peace.

The conclusion we draw from these considerations is not that Great Britain ought to refuse to ratify the Locarno treaties if all the other parties are willing to do so until all disputable points are cleared up. The time for assessing the merits or demerits of the particular proposals has passed by. However dangerous we may think certain features of the Locarno settlement to be, the treaties have been agreed to and initialled and the practical choice is between acceptance and rejection of them as a whole. On this issue only one answer is possible. The consequences of rejection would be quite incalculable. No responsible Government could assume such a responsibility. THE ROUND TABLE of June last,* set forth the immense dangers with which Europe was confronted, unless it could come to some kind of tripartite agreement between France, Germany and Britain. The treaties settle some very difficult problems and make possible the consideration of others in a far more healthy and friendly spirit. The right course is clearly to ratify the treaties, make the very best out of them, but face as soon as possible the question of what they really mean, whether they should not be amended or interpreted by agreement in the near future.

The more the nations come to live under elaborate written treaties such as the Locarno Pact and the Covenant of the League the more will this process of amendment or interpretation become necessary. The urgent necessity of securing an authoritative and agreed interpretation of the Covenant of the League of Nations has repeatedly been pointed out in these pages, and at Locarno a first step

* THE ROUND TABLE, No. 59, June 1925, pp. 437-438.

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was taken in interpreting Article 16 of that document. This process, indeed, is inevitable wherever human society lives under a written constitution, which it is very difficult, if not impossible, to alter. Chief Justice Marshall had almost as much to do with determining the working constitution of the United States of to-day as its original framers through the interpretation he put up on their words.

It is all the more urgent that this issue should be faced, because interpretations are already being placed upon the pacts elsewhere. Herr Stresemann was reported in *The Times* of November 3 as saying in a public speech at Dresden that Mr. Chamberlain had said to him after the signature of the Pact, "Great Britain's united land and sea forces are at your disposal should France violate your frontiers." Fortunately these flamboyant remarks have been withdrawn, for if the Locarno Pact did place the armed forces of Britain "at the disposal" of Germany against France, they ought to be rejected forthwith. A new and more correct version has been issued in Berlin, which is apparently a semi-official "interpretation." It reads as follows :

When the British Foreign Minister declared at the Conference of Locarno that in the event of an unprovoked conflict Great Britain's entire power would be at the disposal of the attacked party, this implied that the same guarantee was also at the disposal of Germany should France without provocation violate the German frontier and march into Germany.*

It ought, therefore, to be made perfectly clear, as soon as possible, that when it comes to the case of hostilities spreading across Europe from East to West over disputes which do not relate to the Western frontiers, the action of Great Britain will be taken not on the basis of any literalism such as has been discussed above, but in accordance with the canons of common sense and in the light

* *The Times*, November 6, 1925.

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of her own judgment of the merits of the larger issues at stake. That was the public and universally understood basis upon which Great Britain entered upon the discussion of the Pact. It is not wisdom, it will not contribute to peace, to allow illusions, however attractive, derived from extreme interpretations of the wording of the Pact, to gain general credence. The plain fact of the matter is that public opinion in Great Britain will accept a specific obligation to maintain the general *status quo* in the West of Europe, but will not accept the obligation to intervene automatically in disputes relating to Eastern Europe because hostilities about them spread to the West, except on the basis of the merits of every case. It is imperative that this central fact should be made clear to all the world without delay.

IV. THE EMPIRE AND THE PACT

THERE is one other aspect of the Pact which requires the most careful consideration. Article 9 reads as follows : "The present Treaty shall impose no obligation upon any of the British Dominions, or upon India, unless the Government of such Dominion, or of India, signifies its acceptance thereof." Under present conditions possibly no other course was open to Mr. Chamberlain. All experience since the Peace Conference of Paris has gone to show how difficult it is, except on a few occasions, such as the Assemblies of the League of Nations, the Washington Conference, and to a less degree the London Conference about Reparations last year, to collect sufficiently authoritative representatives of the Dominions to create a true British Empire delegation to deal with the more serious international problems which continually come to the British Foreign Office for settlement.

It is pretty evident that Mr. Chamberlain, having kept the Dominions and India fully informed of the negotiations

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throughout their earlier stages, felt that if they were to be carried through to a successful conclusion it was not practical politics either to collect a really representative delegation to take with him, or to expect it to come to decisions binding the six Governments of the Empire with the speed which was essential if agreement was to be reached. For it was of the very essence of the Locarno Conference that it should be small, and not obstructed by numbers and formality, and that it should conclude its labours in not much more than a week. So he went ahead, did the best he could, and has submitted the result to the Dominions to ratify or ignore as they please.

In the circumstances it is difficult to prove that Mr. Chamberlain could have done anything else. None the less, the result is a tremendous blow to that theory of the diplomatic unity of the British Commonwealth of Nations, which has been the very basis of Imperial policy since the first meeting of the Imperial War Cabinet in 1917. The theory then and since has been that, just because the Empire acted as a unit for purposes of defence, so it was necessary for it to present a common diplomatic front to the rest of the world, at any rate on all matters of first-rate importance. It was agreed, therefore, that the policy it was to pursue was to be one, and was to be determined as the outcome of consultation between the six Governments of which it was composed. To use a somewhat undiplomatic phrase, the Empire in foreign policy had "to agree or go under." That theory was given some measure of elaboration at the last Imperial Conference, which passed a resolution to the effect that each nation in the Empire could negotiate treaties with foreign Governments on matters affecting itself alone, but that where the subject concerned, or might involve, other parts of the Empire, it must consult with them before entering into any kind of binding engagement. This theory of the diplomatic unity of the Empire was the cause

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of the controversies about Chanak, about the ratification of the Lausanne Treaty, and about the method of negotiating the London agreement on reparations in July 1924, and in all cases it ultimately prevailed. Further, for the last six years, it has been a primary axiom of British external policy that the British Foreign Office could not enter into engagements of first-class importance, especially engagements involving the risk of war, without the consent of the other partners in the Empire, a consent which normally implied active participation by their own representatives in the actual negotiation of treaties.

The Locarno treaties are an abrupt departure from this tradition in favour of the system contemplated in the draft Anglo-American Treaty of Guarantee to France of 1919, but never actually brought into force, because the said treaty was never ratified. That system is that Great Britain, not in all matters (for on subjects which obviously directly affected the Dominions, such as those dealt with at the Washington Naval and Pacific Conference or the Assembly of the League, the negotiations would presumably still be conducted by a full British Empire delegation on the old lines) but on matters affecting Europe, even of the first importance, will proceed, no doubt after giving all information possible by cable and dispatch but without a British Empire delegation, to negotiate treaties which are to be binding on herself but which will impose no obligations on the Dominions unless they afterwards ratify them themselves.

What does this mean? It means many queer things. It certainly leaves any Dominions which do not "contract in" morally much freer to decide whether they will take any active part in helping to enforce any such treaty when the time for enforcement arrives. On the other hand, it does not alter in the least the fact, under international law, that they will legally be in a state of belligerency whenever the King, acting on the advice of his British Ministers, embarks upon a war as a result of obligations assumed

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under such a treaty. It does not, therefore, solve the fundamental Imperial problem; it only postpones the question of whether the Dominions should assume any actual obligations under a treaty so negotiated, or should secede from the Empire rather than become belligerents, until the crisis of fulfilment actually arises.

It is difficult to see, too, how the new system can fail to increase the divergence between the foreign policy of Great Britain and the Dominions. In the great field of Europe, at any rate, the attempt to secure unity seems to have now been abandoned as hopeless. Yet, let us consider where this leads to. Great Britain will inevitably and increasingly tend to pursue a purely British policy. We venture to believe that if the Dominions had been represented at Locarno, Mr. Chamberlain would have been forced to realise, far more clearly than perhaps he has done, the dangers from the Imperial point of view of the Rhineland commitment. Similarly the Dominions will inevitably and increasingly tend to look at international problems from their own purely national standpoint and, in so far as they deal directly with the foreign Governments, to forget or ignore wider Imperial considerations. Where is that process going to end? As a matter of fact both the Dominions and Great Britain rely upon the support of the rest of the Empire if they get into difficulties. Yet the new system will tend to make that support increasingly difficult to obtain. The Dominions will become less and less ready to support Great Britain in fulfilling obligations which she has entered into without their prior consent. Great Britain will become increasingly unwilling to support the Dominions in external policies which they may enter into without her prior consent. And this tendency, once begun, may spread more rapidly in Great Britain than overseas, for providing, as she does under existing conditions, the major share both of the army and the navy, Great Britain would in fact have to carry the major share of the consequences of any inter-

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national hostilities which a mistaken diplomacy in any part of the Empire might produce.

The point is extremely well put by General Smuts in a speech made in Pretoria on November 11 and quoted in *The Times*.*

He regretted that the Empire had not acted with a united front in negotiating and signing the Pact, and doubted whether all the Dominions were likely to adhere to the Pact *ex post facto*. This case was going to be a precedent for the future. The tendency would be for the British Empire delegation to disappear from the field of diplomacy. More and more the foreign policy of the British Government would become simply that of Great Britain. The day might come when the Dominions might feel they had little in common with such a policy, and would begin their own foreign policies in their own interests. There were natural and inevitable centrifugal tendencies at work in the Empire, and he much feared that Locarno had given some impetus to them. A fear was sometimes expressed, which he did not share, that the League of Nations must inevitably weaken the links of Empire. Incidents like Locarno were far more likely than the League to sow seeds of dissension and division. The Empire was a priceless blessing, and was to-day, with American abstention from the League, the main force supporting the advance of great human causes and ideals in the world. The maintenance of solidarity and a united front were therefore essential.

There is one more consideration. The argument for the diplomatic unity of the Empire is two-fold. On the one hand, it adds to the security of every part that they should deal with problems of defence together. On the other hand, the influence of "British" diplomacy for peace and order in the world will be much greater if it has the full weight of the Empire behind it than if it has that of Great Britain alone, or still more if the different nations within it pursue opposed or divergent policies. The new system inaugurated at Locarno strikes, therefore, at the very root of the efficacy of the British Empire, whether it works through the Council of the League of Nations or through ordinary diplomacy in promoting world peace. The most popular argument overseas for non-co-operation in diplomacy

* *The Times*, November 12, 1925.

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is that it may enable particular-parts of the Empire to keep out of war and foreign entanglements. That argument is the result of a delusion. Every war of importance must now be a matter of world concern. It dislocates trade and commerce. It tends constantly to spread. If it vitally affects any part of the Empire, other parts will be able to avoid active participation only at the price of fighting a civil war at home. The common-sense attitude is for the nations of the Empire to co-operate actively in formulating and pursuing an agreed policy, a policy which is all the more likely to be sound and fruitful in preserving the main common interest—the peace of the world—because it is the product of intelligent consultation between peoples situated in all parts of the world and not of a single self-centred national outlook.

It may be replied that Article 9 of the Locarno Pact is a *fait accompli* and that the only thing to do is to face facts and go on along its lines. We agree that no more advantage is to be gained in refusing the Pact on the ground that it creates new Imperial difficulties, than there is for rejecting it on the ground that it creates new problems for Great Britain in Europe. The answer in both cases is the same, to carry through the treaties, if they are ratified by the other signatories, for the sake of their larger effects in removing the more urgent and serious causes of war, but to set to work immediately to find the way of solving the new problems to which they give rise.

None the less it is essential that the nations of the Empire, which have been drifting since 1920, should sit down and face the situation by which they are confronted by Article 9. What is needed to-day is not the constitutional conference contemplated by the Imperial Conference Resolution of 1919, but a less ambitious conference to determine how the vast new problems confronting the Commonwealth, arising out of the Locarno treaties and also in Russia, in the Far East, along the Mediterranean, are to be dealt with in future. Are they going to endeavour to main-

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tain the diplomatic unity of the Empire, and if so how are they going to do it, or are they going to allow its constituent parts to develop into completely separate nations, each with a policy and diplomacy of its own. Such a conference would also be useful in clearing up another important point. The Locarno pact is inseparably mixed up with the working of the League of Nations. The Dominions are members of the League. They are, therefore, under obligation to take certain action in certain eventualities. What exactly are those obligations? It is essential that public opinion should know. Further, the attitude of the Assembly towards the whole question of these arbitration treaties, still more the attitude of Great Britain, which speaks for the "British Empire" on the Council of the League, can be profoundly influenced by the views of the Dominions. How are they going to exercise that influence so as to promote peace? The problem raised by the Locarno treaties for the nations of the Empire, indeed, is far more complicated than the narrow one of whether the Dominions should formally ratify them or not. On the last point we can clearly express no opinion, for it is within the sole competence of each Parliament to decide for itself.

To conclude, the appearance of Article 9 is one more proof of the necessity that the nations of the Empire should face the task of creating a really effective system of inter-Imperial consultation about international affairs. The present arrangement whereby the Dominions are represented in London by a High Commissioner more or less confined to commercial business, and Great Britain is represented in the Dominions by a Governor-General selected for his aptitude for purely constitutional functions and debarred from being a real source of information or intercourse, is preposterous and absurd. As a business proposition it would be rejected instantly by every business man in the Empire as a sane method of conducting his own business. Yet, the matters at stake are peace or war

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in the world. Inter-Imperial consultation is far less efficiently organised than is consultation between all foreign Governments; in fact, it is not organised at all. The ostrich attitude so beloved of certain pedants is not the method of ensuring peace, independence, or freedom. It is a menace to them all. The moral of Locarno is that the question of placing inter-Imperial communications on a sensible and practical basis should be tackled without delay. In our judgment, the simplest way of doing so is that the Dominion High Commissioners should be accredited to the British Foreign Office in a diplomatic capacity, and should devolve most of their commercial duties on a second-in-command, and that a British High Commissioner should be sent to every Dominion capital to take over from the Governor-General the duty of being the diplomatic intermediary between the London and the Dominion Governments.

V. A POSTSCRIPT ON MOSUL

SPACE does not permit of any detailed treatment of the Mosul question. Moreover, the principal issue at stake at the moment is *sub judice* in the Court of International Justice and the Council of the League of Nations, acting on the basis of the information admirably collected and presented by the Commission sent out by the League. But there is one larger question which must be answered if any intelligent policy is to be pursued when the League verdict has been given. Should Great Britain's policy be to stay in 'Iraq for good if circumstances are favourable for her to do so, or should she seek to evacuate it as soon as her obligations both to the League of Nations and the people of 'Iraq are honourably fulfilled? We are emphatically of the second opinion.

The occupation of 'Iraq was thrust upon us as the outcome of the exigencies of war. To remain there is to run counter to one of the oldest axioms of British Imperial

A Postscript on Mosul

policy, and one abundantly justified by experience, to assume permanent responsibility for no area which is not protected from its neighbours by the ocean or impassable mountains or deserts. 'Iraq answers to none of these conditions. It is a long and narrow strip of territory vulnerable on every side and overlooked by mountains controlled by Turkey, Russia and Persia. It is in no way necessary to our communications or the safety of the Empire. On the contrary, it is a sheer liability, and even the argument that the control of Mosul oil is worth that risk has disappeared since the development of it has been handed over to an international corporation.

Great Britain, however, has assumed responsibility for helping the Iraqis to learn how to conduct a relatively modernised government of their own. She also has the duty of considering the plight of the Assyrian Christians. She is also bound to discharge the obligations she has assumed under the treaty with King Feisal, and the circumstances may render some new agreement necessary when that treaty comes to an end in 1928. She ought not to recede from these obligations as the result of pressure from the Turks or anybody else, so long as the League of Nations, the authority ultimately responsible, maintains the legal conditions in which it is possible to discharge them. But the avowed goal of her policy ought to be to terminate her responsibility for the good government and defence of the country at the earliest moment consistent with those obligations and she should then confine her direct responsibility to the Persian Gulf. Even from the point of view of the people of 'Iraq themselves, the sooner they are made to face the full responsibilities of independence, the better. On no account ought Great Britain to be drawn into a policy which may lead her to the assumption of permanent responsibility for security, order, or good government in 'Iraq itself.

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APPENDIX

THE LOCARNO AGREEMENTS

The Locarno Agreements consist of a final Protocol to which are annexed the following documents :—

- (i) The Security Pact between Germany, Belgium, France, Great Britain and Italy.
- (ii) Arbitration Convention between Germany and Belgium.
- (iii) Arbitration Convention between Germany and France.
- (iv) Arbitration Treaty between Germany and Poland.
- (v) Arbitration Treaty between Germany and Czecho-Slovakia.
- (vi) A draft collective note to Germany about Article 16 of the Covenant of the League of Nations.

The agreements with the exception of the Protocol, which is signed in full by all of them, are only initialled by the representatives of the Powers respectively concerned. They are still drafts. The date for signature is, however, to be December 1, and no alteration can be made in their text. There are also two agreements of guarantee, between France and Poland, and France and Czecho-Slovakia, which are noted in the Protocol and described below. The signatory Powers "undertake to give their sincere co-operation to the work relating to disarmament already undertaken by the League of Nations and to seek the realisation thereof in a general agreement."

The operative sections of the Security Pact (translation), the only agreement to be signed by Great Britain, are set out in full below. The main terms of the other agreements are summarised.

THE SECURITY PACT

Article 1.—The High Contracting Parties collectively and severally guarantee, in the manner provided in the following articles, the maintenance of the territorial *status quo* resulting from the frontiers between Germany and Belgium and between Germany and France and the inviolability of the said frontiers as fixed by or in pursuance of the Treaty of Peace signed at Versailles on June 28, 1919, and also the observance of the stipulations of Articles 42 or 43 of the said Treaty concerning the demilitarised zone.

Article 2.—Germany and Belgium, and also Germany and France mutually undertake that they will in no case attack or invade each other or resort to war against each other.

This stipulation shall not, however, apply in the case of :—

- (1) The exercise of the right of legitimate defence, that is to say resistance to a violation of the undertaking contained in the previous

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paragraph or to a flagrant breach of Articles 42 or 43 of the said Treaty of Versailles, if such breach constitutes an unprovoked act of aggression and by reason of the assembly of armed forces in the demilitarised zone immediate action is necessary ;

(2) Action in pursuance of Article 16 of the Covenant of the League of Nations.

(3) Action as the result of a decision taken by the Assembly or by the Council of the League of Nations or in pursuance of Article 15, paragraph 7, of the Covenant of the League of Nations, provided that in this last event the action is directed against a State which was the first to attack.

Article 3.—In view of the undertakings entered into in Article 2 of the present treaty, Germany and Belgium and Germany and France undertake to settle by peaceful means and in the manner laid down herein all questions of every kind which may arise between them and which it may not be possible to settle by the normal methods of diplomacy.

Any question with regard to which the parties are in conflict as to their respective rights shall be submitted to judicial decision, and the parties undertake to comply with such decision.

All other questions shall be submitted to a conciliation commission. If the proposals of this commission are not accepted by the two parties, the question shall be brought before the Council of the League of Nations, which will deal with it in accordance with Article 15 of the Covenant of the League.

The detailed arrangements for effecting such peaceful settlement are the subject of special agreements signed this day.

Article 4.—(1) If one of the High Contracting Parties alleges that a violation of Article 2 of the present treaty or a breach of Articles 42 or 43 of the Treaty of Versailles has been or is being committed, it shall bring the question at once before the Council of the League of Nations.

(2) As soon as the Council of the League of Nations is satisfied that such violation or breach has been committed, it will notify its finding without delay to the Powers signatory of the present Treaty, who severally agree that in such case they will each of them come immediately to the assistance of the Power against whom the act complained of is directed.

(3) In case of a flagrant violation of Article 2 of the present Treaty or of a flagrant breach of Article 42 or 43 of the Treaty of Versailles by one of the High Contracting Parties, each of the other Contracting Parties hereby undertakes immediately to come to the help of the Party against whom such a violation or breach has been directed as soon as the said Power has been able to satisfy itself that this violation constitutes an unprovoked act of aggression and that by reason either of the crossing of the frontier or of the outbreak of

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hostilities or of the assembly of armed forces in the demilitarised zone immediate action is necessary. Nevertheless, the Council of the League of Nations, which will be seised of the question in accordance with the first paragraph of this article, will issue its findings, and the High Contracting Parties undertake to act in accordance with the recommendations of the Council provided that they are concurred in by all the members other than the representatives of the Parties which have engaged in hostilities.

Article 5.—The provisions of Article 3 of the present Treaty are placed under the guarantee of the High Contracting Parties as provided by the following stipulations:—

If one of the Powers referred to in Article 3 refuses to submit a dispute to peaceful settlement or to comply with an arbitral or judicial decision and commits a violation of Article 2 of the present Treaty or a breach of Article 42 or 43 of the Treaty of Versailles, the provisions of Article 4 shall apply.

Where one of the Powers referred to in Article 3, without committing a violation of Article 2 of the present Treaty or a breach of Article 42 or 43 of the Treaty of Versailles, refuses to submit a dispute to peaceful settlement or to comply with an arbitral or judicial decision, the other Party shall bring the matter before the Council of the League of Nations and the Council shall propose what steps shall be taken; the High Contracting Parties shall comply with these proposals.

Article 6.—The provisions of the present Treaty do not affect the rights and obligations of the High Contracting Parties under the Treaty of Versailles or under arrangements supplementary thereto, including the agreements signed in London on August 30, 1924.

Article 7.—The present Treaty, which is designed to ensure the maintenance of peace and is in conformity with the Covenant of the League of Nations, shall not be interpreted as restricting the duty of the League to take whatever action may be deemed wise and effectual to safeguard the peace of the world.

Article 8.—The present Treaty shall be registered at the League of Nations in accordance with the Covenant of the League. It shall remain in force until the Council, acting on a request of one or other of the High Contracting Parties notified to the other signatory Powers three months in advance, and voting at least by a two-thirds majority, decides that the League of Nations ensures sufficient protection to the High Contracting Parties; the Treaty shall cease to have effect on the expiration of a period of one year from such decision.

Article 9.—The present Treaty shall impose no obligation upon any of the British Dominions, or upon India, unless the Government of such Dominion, or of India, signifies its acceptance thereof.

Article 10.—The present Treaty shall be ratified and the ratifica-

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tions shall be deposited at Geneva in the archives of the League of Nations as soon as possible. It shall enter into force as soon as all the ratifications have been deposited and Germany has become a member of the League of Nations.

The present Treaty, done in a single copy, will be deposited in the archives of the League of Nations, and the Secretary-General will be requested to transmit certified copies to each of the High Contracting Parties.

THE ARBITRATION AGREEMENTS

The Arbitration Agreements, except for one or two points which need not detain us here, are *mutatis mutandis* identical. The one between Germany and Belgium has been taken for the purpose of this note.

It is divided into two parts with a few general provisions at the end. The first part deals with disputes about rights, which are to be referred to an arbitral tribunal or to the Permanent Court of International Justice, and the parties bind themselves to accept the award. Before such reference, however, the parties may submit their dispute to a Permanent Conciliation Commission to see if a friendly settlement is possible. (The above provision does not apply to disputes arising out of acts prior to the Arbitration Convention and belonging to the past.)

This Commission is to consist of five members, including one German and one Belgian. The other three are to be appointed by mutual agreement, from different nationalities, other than German and Belgian. Germany and Belgium must agree who is to be the President. If these nominations are not agreed upon within three months, the Swiss President is to make the appointments. Decisions are to be by a majority. The Commission will frame its own rules, but the convention itself prescribes certain points of procedure. The parties may change their own Commissioners for others with special knowledge. Unless they agree to the contrary, the case must be dealt with within six months after the Commission is notified. Both Governments must assist it and allow it to proceed to their territory and summon witnesses.

The second part of the convention is concerned with questions which cannot be settled by judicial decision, when the dispute must be submitted to the Permanent Conciliation Commission. The Commission's duty is to propose an acceptable solution, or in any case to report. The parties are not bound to accept the proposed solution, but if they do not, after one month the question must, if either party so requests, be brought before the Council of the League and be dealt with under Article 15 of the Covenant. As will be

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remembered, the decision of the Council, excluding the disputants, must, to bind the parties, be unanimous.

The general provisions empower the arbitral tribunal, the Permanent Court, the Conciliation Commission, or the League Council to prescribe provisional measures when a case comes before them. The parties agree to accept them and to *do nothing* to prejudice a settlement.

The convention remains applicable as between Germany and Belgium even when other Powers are interested in the dispute.

Ratifications will be deposited with the League at the same time as those of the Pact, and the Convention comes into force on the same conditions.

COLLECTIVE NOTE ABOUT ARTICLE 16 OF THE COVENANT

This draft collective note is to be addressed to Germany when the agreements are signed. It points out that the signatory Powers cannot bind the League, but according to their interpretation of Article 16 "each member of the League is bound to co-operate loyally and effectively in support of the Covenant and in relation to any act of aggression to an extent which is compatible with its military status and takes its geographical position into account."

THE EASTERN TREATIES OF GUARANTEE

The terms of the treaties of guarantee between France and Poland, and France and Czecho-Slovakia are *mutatis mutandis* identical. To take the treaty between Poland and France, in the event of either Power suffering from a failure to observe the undertakings arrived at between them and Germany that day, the other agrees to come immediately to its aid (under Article 16 of the Covenant), "if such a failure is accompanied by an unprovoked recourse to arms." Further, if the League Council fails to report unanimously (excluding the disputants) on a question brought before it under the said undertakings, and if either France or Poland are attacked without provocation, the other party has immediately (under Article 15, paragraph 7 of the Covenant) to lend aid. The rights and duties of the parties as members of the League are to remain unaffected as is also the League's own duty. The Treaty is to come into force and remain in force under the same conditions as the Pact and the treaty of guarantee between France and Czecho-Slovakia. The ratifications will be deposited with the League with the ratifications of the pact and the treaty between Germany and Poland.

THE IRISH FREE STATE: AN EX-UNIONIST VIEW

In September we published an account of the position in Ireland under the Free State by a member of the old Nationalist party. The article that follows gives the point of view of an Irish ex-Unionist.

EDITOR.

THE Irish Free State has been three years in being, as by law established. The "Treaty" was signed on December 6, 1921, and the Act of Parliament confirming the new Constitution passed both Lords and Commons during the next year, and received the King's assent on December 6, 1922. Hence in December, 1925, it is opportune to ask what have been the consequences of the concession to Southern Ireland of the status of a Dominion within the British Commonwealth of Nations. The experiment has had three years of trial, and it is reasonable to attempt a review of the progress which has been made under our new conditions.

The writer is one of those who believed in 1921, and still believes, that Mr. Lloyd George's Government agreed to the so-called Treaty too hastily, and without the provision of sufficient safeguards for the loyalist minority in Ireland, who were and are among the King's most faithful subjects. None the less, he is of that large company who held that both patriotism and loyalty required of them allegiance to the new Government (in which they were however to have no share), as well as hearty co-operation.

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in all matters that directly affected the welfare of their own country. They recognised that Mr. Cosgrave, Mr. O'Higgins and the rest were henceforth the King's Ministers in Ireland, and that as such they were entitled to claim the constitutional support of good citizens; and that the man who held aloof from all public service at so great a crisis in Irish history, because he did not approve or welcome the new régime, was no good Irishman. The condition that governed the acceptance of this policy was that the Irish Free State is still part of the Empire and that its citizens are still British subjects. This was definitely and explicitly stated in the name of Great Britain; and it was because of this guarantee, embodied in the new Constitution, that many of those who formerly called themselves Unionists and were proud of the title, found it their duty to assist the new State that had been set up on the ruins of the Act of Union.

What, then, is the present position of Southern Ireland? Two contradictory answers are given to this question by two distinct classes of people. There are those who hold that everything is wrong, and there are those who assert that all is well and for the best. As often happens, neither answer is true. It is quite natural that the Ministers and Members of the Executive Council, most of whom are young men with very little experience of the world, or knowledge of the conduct of public affairs, should magnify their achievement as fully as possible. Their tenure of office depends upon their success in the discharge of public duty; and they are like all party politicians in endeavouring to persuade the public that under their beneficent rule everything is done as well as possible. On the other hand, the critics of the Irish Government, both Republicans and Diehards, tell us that nothing is right in Ireland, and that the administration of public affairs is ineffective, deceitful, and corrupt. The energy of both of these opposed parties is spent in abuse of the Irish Free State, the Diehards asserting that it is not distinguishable from a Republic,

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while the Republicans assert, just as loudly that the rule of Mr. O'Higgins is as bad as the rule of Dublin Castle in the old days. It cannot be easy for people living in Great Britain to distinguish truth from falsehood in the rival propaganda published in the British Press.

We shall be able to form a more sober judgment, as to the prospects of the future, if we recall first some of the achievements which must in fairness be put to the credit side of the Government account. Of these, the greatest is the restoration of social order and the suppression of crimes of violence. The difficulties which Irish Ministers had to face in 1922 were almost overwhelming. Murder, arson, robbery were daily incidents in every part of the country. Criminals had grown bold, as well as violent, for they had learnt, during the years when the Castle Executive had adopted half-hearted and futile methods of suppression, that a criminal was likely to prosper the more, the more definitely he set himself against the law. Those who were in open rebellion against British law in 1920 and 1921, and had themselves encouraged lawlessness in their struggle for what they believed to be freedom, found it no easy task to assume the new rôle of guardians of the law and upholders of its majesty. Among those who opposed them were their own familiar friends, who expected to find, as they thought they had found before, that violence and assassination provided the shortest road to political achievement. No one can praise too highly the determination and the persistence with which Mr. Cosgrave and his associates crushed the Republican assailants of the Free State. They restored order at a great price, indeed. The cost in money of maintaining armed forces in 1921 and 1922 was enormous. The cost of restoring public and private buildings was greater. The cost in life was graver still. There were 80 executions of rebels in six months, carried out with a deliberation and a ruthlessness which no British Government could have dared to condone. But, while all the forces of Dublin Castle failed to suppress

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crimes of violence in Ireland, the new Irish Government succeeded in doing so within three years. Their methods were not the dignified methods of British justice. But Mr. Cosgrave knew the psychology of his own people, and knew therefore that before the law inspires respect it must inspire fear. At this moment a criminal in Ireland is afraid of the law.

This is not to say that Republican agitators are not still ready to engage in a new campaign which would wreck the prospect of peace. It is still necessary to maintain a military force, larger than it ought to be under normal conditions. The ordinary tourist is now quite safe in Ireland; but if an obnoxious politician from England were to visit the rural districts he would be wise to seek police protection. A few landlords are menaced with threats of assassination if they return to their homes, or seek to recover their lands, their game rights, their salmon rivers. Sporadic acts of violence on the part of Republican malcontents, such as the throwing of stink bombs on Armistice Day, are still to be deplored. All is not as it should be in a civilised country, but it is only fair to recognise that every year shows signs of improvement.

The constitutional position of the Irish Free State as now established has been explicitly recognised in recent speeches by Mr. Cosgrave and Mr. O'Higgins, who are the real rulers of Ireland. Not only are they committed to this, by their acceptance of office on the terms embodied in the Agreement of December 1921, but their political career depends on the continuance of these conditions. Mr. O'Higgins, indeed, has told the country plainly that to sever the links which bind Ireland to Great Britain would be economic suicide, for England remains and must remain Ireland's largest customer. Mr. Cosgrave and his colleagues have observed the terms of the Treaty which they accepted, so far as the strict legal interpretation of this document is concerned; and they have admitted publicly that Great Britain has also honoured the signature of her

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representatives. And it is interesting to observe that in many parts of the country the rank and file of Irish citizens are beginning to understand that the Act of Union was by no means so injurious to Irish interests as they had been led to believe. As to this, there has been a great disillusionment. Ireland is poorer than it has been within living memory, to go no further back. The opportune excuse for poverty or bad housing or crime or the prevalence of vice, that it was due to the influence of the hated Saxon, can no longer be pleaded; and it is beginning to be recognised that Ireland has never been, in modern times at any rate, an island of saints, as her poor people had been taught to believe.

One illustration of the change of feeling in regard to Great Britain may be taken as specially significant. It was found to be necessary in 1921 that the Irish ex-soldiers who had fought in the Great War should dissociate their organisation from the British Legion. The hostility to the idea of anything British was expressed so forcibly in rural districts that it would have been unsafe for Irish soldiers to enrol themselves in any British organisation; and accordingly the "Legion of Irish ex-service men" was formed in 1922—a society having an independent existence of its own, but working in friendly liaison with kindred societies in Great Britain and the Dominions. But the temper of the peasantry changed; and at the end of 1924 it was found that 129 out of the 131 branches of the Irish Legion desired to be incorporated in the British Legion in future. This arrangement has been carried out, and now Irish ex-soldiers of the King, living in Southern Ireland, are formally associated with their English and Scottish comrades, Ireland being an "Area" of the "British Legion." And, so far as is known, no Irish ex-soldier has been persecuted or boycotted on account of this procedure, which would have meant his ruin if not his death in 1921. The extraordinary demonstration of public sympathy which was observed in Dublin on Armistice Day last year when

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the survivors of the 16th Division and their old comrades met for public remembrance of the Great War, would have been impossible a year earlier. Whatever politicians or agitators in Ireland may desire, bitter feelings against England are not cherished by the people as a whole, as used to be the case.

Having set out this change of heart, which is accepted as a fact by impartial Irish observers, it must be added, if we are to understand the situation, that the anti-British spirit still lingers in many quarters, and is unhappily still encouraged by some of the leaders of Irish opinion. The demonstration on Armistice Day last year did not please the Irish Government, who detected in it an imperialistic bias which they resented. And the celebration of Armistice Day this year, which was on even a larger scale, was held despite the hardly veiled disfavour with which it was viewed by the police, who acted under orders. To fly the Union Jack, even beside the Free State flag (distinct from the Republican tricolour) is not popular in Government circles, although it is welcomed in all the other Dominions. Nor is the King's health always honoured on public occasions of festivity, even when the King's representative is present. It must be said quite frankly that the place of the King in the Irish Constitution is concealed rather than avowed; and this has discouraged a more general support of the Free State Government by ex-Unionists than it has already received. The habitual practice, in Government circles, of speaking of Mr. Cosgrave as the "President of the Irish Free State" is entirely inconsistent with the provisions of the Treaty as it is with the actual title of his office. There is no "President" in Southern Ireland, for the head of the *Oireachtas* (which consists according to the Constitution of the King, Dail, and Senate) is His Majesty, who exercises his functions through the Governor-General. Mr. Cosgrave is the President of the Executive Council—that is, he is Prime Minister. But Southern Ireland is not a Republic, and

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it has no President, although the egregious Mr. de Valera still calls himself "President of the Irish Republic."

No doubt, Mr. Cosgrave and his fellow Ministers feel bound to attract the support of Mr. de Valera's recalcitrant followers, and to do this they endeavour to represent our Irish Constitution as if it were *virtually* that of a Republic. But politicians cannot ride two horses, if they are to be successful. To attempt to do so may be good tactics for a time, but it is certainly bad strategy (if one may confuse sporting and military metaphors). Ireland is not in a stable condition, so long as any doubt is suggested by the attitude of the King's Ministers in Ireland as to their view of the Royal prerogative, exercised (as it is) in a constitutional manner. One cannot have it both ways. Either Mr. Cosgrave is a convinced supporter of the Irish Free State, as established by law; or he is waiting for an opportunity to declare that he has accepted it as a stepping stone by which Ireland may reach the status of a nation, not only independent in the control of its domestic affairs (which it is already), but alien to the British Crown and divorced from the British Empire. We do not believe that this secret policy is really that of Mr. Cosgrave (whatever he may have wished in 1921), for his public career has commended itself to many of his critical fellow-countrymen who are wholeheartedly loyal to the King, as that of an honest man. But it would relieve many anxieties, and make the political atmosphere much clearer, if he and his brother Ministers would occasionally indicate their recognition of the King as an essential factor in the *Oireachtas*. The High Commissioner for the Free State (Mr. James MacNeill), very properly joined with the London representatives of the other Dominions in welcoming the Prince of Wales at Victoria on his return from his world tour. Such a gesture is in no way inconsistent with the domestic independence of Southern Ireland, and is in strict accordance with its constitutional position. The High Commissioner must have had the approval of his Government

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in this act of courtesy and respect ; and it would put Irish Ministers in a more dignified and less ambiguous position, if they too acknowledged in public the constitutional status of the King.

We return to note some anti-British, not necessarily anti-constitutional, tendencies of recent Irish policy. Whatever the true reason of the signing of a contract, involving the expenditure of five millions sterling, with a firm of German engineers, no British firm having been asked to send in tenders, it was politically unwise. England is Ireland's best customer ; were it not for British trade support, Ireland would lose heavily. The contract for the electrification of the Shannon water power may have been entrusted to a good firm. The name of Messrs. Siemens suggests as much. But to have ruled out British engineers at the start was not a prudent policy ; and as a matter of fact it has given offence to influential British firms in many departments of industry. When Southern Ireland comes to float another loan, it may not be easy to engage the support of the London market. On the enormous cost of the Shannon scheme, it is unnecessary to comment at length. The Irish Government believe that when it is carried through it will be of substantial benefit to the country. That is a prophecy, which we hope will be fulfilled ; but many of the leading business men in Ireland are not sanguine about its success, nor has serious work yet begun.

The low wages offered to unskilled labour by the German contractors have evoked indignant protest from the trades unions, who are holding up the scheme. In this regard, however, we think that the Irish Finance Minister is not to be blamed. All labour is too expensive in Ireland. The pay of the working man is higher in most trades than the pay of his English comrade, and is much higher than Ireland can afford. Indeed, the cost of living is far too high. To live in London is cheaper than to live in Dublin. Food is dearer, clothes are dearer, boots are dearer ; one pays 33 per cent. more for postage stamps for letters than in

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England, although the postal service is not so good as across the Channel. And none of these charges can really be reduced effectively, until the wages paid to skilled and unskilled labour alike are brought down to a reasonable level. Hence we do not think that Mr. Blythe is to be censured for acquiescing in contracts, which like the German contract for the Shannon scheme or the French contract for cleaning the streets of Dublin, may be expected to check the extravagant rates of pay which prevail at present.

Indeed, the financial condition of Ireland is very grave ; and he would be unjust, as well as unhelpful, who would find the *sole* cause in the acts of the Irish Executive Council. They are hampered by threatened labour troubles, as the British Government is. They have still to pay out vast sums for compensation for the destruction of property. They have to maintain an army greater than is reasonable because of the need of keeping down sedition and treason. But trade is very bad. For the first seven months of 1925 there was a decrease, as compared with 1924, of nearly four million pounds in the value of exports from the Free State ; the decline in the value of live stock—Southern Ireland's most important industry—being responsible for the greater part of this fall. Butter and bacon, which ought to be produced in Ireland, were imported during the same period to the amount of nearly two millions' worth. Again, the position of the Irish railways is serious. The Great Southern Railway could pay no dividend last half year on either ordinary or preference stock, and only paid the interest on their guaranteed and debenture stocks by having recourse to the subsidy which was granted when the Irish railway systems were unified by order of the Government. Not only guaranteed and debenture stocks, but also preference stocks, were trustee securities in former years. It is perhaps unwise to regard preference stocks as now secure, for the Great Southern Railway authorities announced lately that they were losing £15,000 a week ; but the Government cannot afford to allow the dividends

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on guaranteed and debenture stocks to be passed or reduced, as such a blow to Irish trustee securities would endanger the financial credit of the country at large. Part of the anxiety of the Irish railways is due, no doubt, to the bad position of trade; but it is generally held by railway authorities that Government interference with the independence of the railway companies made matters worse rather than better. Indeed, it cannot be concealed that the Irish Government have been too hasty in their endeavour to institute "reforms." Of their earnest work, their good intentions and their high ambitions for the welfare of Ireland there need be no doubt. But if they had been more cautious in their new undertakings, it would have been better for trade. Protection is a bad policy for a poor country like Ireland. What is wanted now more than anything else is hard work on the part of all classes, and Mr. O'Higgins has courageously expounded this unpopular gospel in a recent speech.

Mr. O'Higgins has gained the esteem of many by another courageous departure. As Minister of Justice he has taken upon his shoulders the promotion of temperance by a stricter supervision of publicans' licences, of which too many have been granted in the past. In this he has the sympathy of every class, except, of course, the trade. And it is melancholy to learn that the interests of publicans have been so assiduously promoted by canvassing, that two of their representatives have been elected members of the Irish Senate, which was not established to encourage trade partisanship. The recent election was not, indeed, satisfactory; nor was the poll attended by three-fourths of the electors. A few—very few—men of good brains and position have been added to the Senate, but some of the ablest and most conscientious of those who offered themselves for re-election were rejected.

One of the issues presented to the electorate may be of greater importance than many of the electors understood. For half a century the education and discipline of the

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members of the medical profession in these countries have been under the direction and control of a body that is called the General Medical Council. It is obvious (despite the gibes of persons like Mr. Bernard Shaw) that the existence of some such body is necessary for the protection of the public. On this council are representatives from Ireland as well as from the other parts of the United Kingdom. The General Medical Council *advise* all licensing bodies as to appropriate courses of study, and in the case of improper or unprofessional conduct on the part of a doctor, he may be struck off the General Register—a procedure, it may be added, very rarely adopted. The Council has no power to fine or punish a medical man in any other way than this.

Now the Irish Executive Council have been persuaded, or have persuaded themselves, that it is not appropriate or dignified that the doctors of the Irish Free State should be subject to the jurisdiction of a body that is not *wholly* Irish. And, accordingly, they have come to the conclusion, or so it is rumoured, that an Irish Medical Register, as distinct from the General Medical Register, should be established; and that the graduates of Irish Universities and the licentiates of Irish medical schools should be subject in future only to the control of an independent Council. Probably Ministers did not appreciate the full consequences of such a proposal, which has not yet, indeed, been formulated in a Bill. But the immediate effect of it, if carried into law without suitable qualifications, would be that no medical graduate from the Free State would in future be placed on the General Medical Register. He would, therefore, be debarred from practising outside Ireland, unless he took advantage of a lesser privilege, that of being enrolled on the *Colonial* Register, which confers a status not identical (in Britain) with the *General* Register. Now the medical profession, in Ireland, felt that such a proposal as this would not only affect their position adversely, but that it would deplete the medical schools, and ultimately lower the

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standards of medical education so that hospital teaching would inevitably sink below its present level. The effect on the Dublin and Cork medical schools has already been marked. Many medical students have left the Free State in order to get qualified in Belfast or elsewhere, where the General Medical Register is recognised. The effect of the agitation about this was that a majority of the new Senators were returned pledged to oppose any legislation which would lower the status of Irish medical men or injure the institutions which trained them. The country was clearly opposed to any petty parochial policy, such as it was reported the Government favoured. At the time of writing, nothing has been finally settled, but the Government have arranged conferences with the doctors which, it is hoped, will lead to an amicable settlement. The matter, as we have said, is really of importance, beyond the prospect of its consequences to one great profession; for it raises the issue of the dangers of parochialism in an acute and intelligible form.

Another feature of the voting for the Senate is interesting. The leaders of the movement to force the Irish language on the country, who were in the last Senate, have received their *congé*. The people have come to the conclusion that they do not wish their children to be educated according to the programme of the Minister of Education, Mr. John MacNeill. A great deal of money is being spent on the attempted revival of the Irish language, but even its enthusiastic supporters are beginning to complain that there is little prospect of its success. The elementary teachers are angry that they are being forced to attend classes to learn Irish, in order that they may teach others who are unwilling to learn it. More than one civic body which, in the first enthusiasm inspired by the Treaty, decided to make Irish a compulsory subject for candidates for public appointments, has rescinded its resolutions as impracticable to put into force. The Chief Justice, (Mr. Hugh Kennedy) failed last month to persuade the

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Benchers that Irish was a subject which should be required of all candidates for the Bar. There is really little controversy now about the Irish language; for while it is reasonable that opportunities for learning it should be offered at all places of higher education in Ireland, it is generally recognised that the people will not be persuaded, no matter what governments may desire, to substitute it for English as a vernacular.

The policy of the Gaelic League during the early years of the century was always primarily a *separatist* policy, and only secondarily a policy devised in the interests of the people. There is grave suspicion that those who are attempting now to enforce the use of the Irish language are animated similarly by a desire to isolate Ireland from Great Britain, and incidentally (although they do not understand this) from the United States. No barrier is more difficult to pass than the barrier of an alien language. To erect such a barrier would be more effective than any other political device to separate Ulster from the rest of the country; and the Irish language campaign has been used effectively in Ulster to accentuate the differences between North and South. This danger, however, is not so imminent as it seemed to be three years ago; for Mr. John MacNeill has failed to carry the country with him in his linguistic policy. How long it will take for his colleagues to discover this remains to be seen.

That the six counties are not likely to reunite themselves with the twenty-six for many years is probable. The divorce is so unnatural, so uneconomic, that outside the ranks of professional politicians and sectarian controversialists there are not many bold enough to profess admiration of it. But as things are, it is accepted reluctantly as inevitable for the present, despite its disadvantages, and its menace to that mutual goodwill which Irishman ought to entertain for Irishman. For the most part, the South of Ireland was opposed to the partition of the country by an Act of the Imperial Parliament, and

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southern sentiment still views it with disfavour. But, if we are to believe the Ulster newspapers, Ulstermen prefer *separation* from their fellow-countrymen in the South, to *reconciliation*, being alarmed at the seemingly anti-British attitude of the Free State, and, above all, by the influence of the Roman Catholic Church. Ulster has failed, so far, to appreciate the fact that the political power of Roman Catholic ecclesiastics in the South is much less than it was under British rule. Mr. Cosgrave and his Ministers have been blamed for many things; they cannot justly be blamed for denominational partiality, nor for subserviency in politics to priestly dictation. But to argue with Ulster (many and great as are her good qualities) in her present mood is futile; and most people who desire peace and goodwill rather than hatred and controversy feel that it is only the healing influence of time that can cure the gaping wound from which Ireland is suffering.

The Boundary Question, as it is called, has not aroused in the Free State the same violence of language that may be observed in the North. The Boundary Commission was appointed, with its large powers, by the Imperial Parliament after full deliberation. Whatever its report may be—and it will probably be less partial than is desired either in North or South—it will be the duty of Great Britain to put it into operation, whether Northerners or Southerners or both are dissatisfied. There has been no talk in the Free State of *fighting* in consequence of the decision, nor is there the slightest intention of taking up arms against Ulster, should Ulster refuse to accept the decision reached by Great Britain. It will not be the duty or to the interest of the Free State to make any use of force; the Boundary Commission was not devised by Southern Ireland. All that the Irish Government are likely to do (although they may protest that their claims have not been duly satisfied) is to demand that the British Government shall carry into effect the report of its own Commission. No British

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Government is likely to be guilty of failure in this regard. The Irish Constitution or Treaty has been duly registered with the League of Nations; and it is not to be contemplated that a British Government would break its plighted word, in the interests of any political group. It is right, however, that the British people should understand that the enforcement (if force were unhappily necessary) of the findings of the Boundary Commission rests with Britain, and that this duty cannot be evaded without grave dishonour.

What has been said in this attempt to examine the consequences of the Treaty of December 1921 may be summarised briefly. Southern Ireland in 1925 is more peaceful and law abiding than it was in 1924, still more than in 1923 or 1922; and for this the Irish Government must get credit. The anti-British spirit is not yet exorcised from the minds of politicians and agitators, but it is rapidly losing influence with the bulk of the Irish people. Irishmen are not sentimentalists, as Englishmen are; they are materialist in temper, and always have an eye to material prosperity. Prosperity has not yet come to Ireland, nor can it come until the people have learnt that if a man does not work neither shall he eat. But Ireland is awaking from her foolish dreams of Utopia, and the best friends of Ireland are those who will be generous in help for the future rather than in criticism for the past. It is not to be expected that, all at once, Ireland will be openly and avowedly content with an honourable place in the British Empire, as a member of the British Commonwealth of nations; but, provided that England deals justly and fairly with her and makes no concessions to clamour in regard to any revision of the Irish Constitution, it is likely that not only peace and prosperity but goodwill may be expected as a consequence. The country is moving steadily towards an explicit acceptance of the so-called "Treaty"; but any weakening on the part of Britain as to the essential provision of the status of the King would forthwith inspire

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a new school of sedition, and would drive to despair Irishmen of goodwill, whether they called themselves Unionists or Constitutional Nationalists in the past, or Free Staters in the present. If Great Britain will now keep her word, without qualification or reserve, Southern Ireland will not fail to follow her example.

LEAVES FROM A GREEK NOTE-BOOK

ATHENS shows little trace of the events which only a month ago were heralded in the London streets by posters announcing "Another Revolution in Greece," "Bloodshed in Athens." We take our revolutions too seriously in England, perhaps because we have lost the tradition, and our language is the poorer for lack of a word to express a change of Government in which the army takes a hand. It was a movement of this kind which brought General Pangalos into power. No life was lost, indeed not a shot was fired. The technique of the affair was brilliant in its simplicity. Hearing that he was to be arrested, General Pangalos and a few of his friends seized the telegraph office in the dead of night, informed Salonika that the Army and the Fleet had overthrown the Government and asked if the troops there wished to join the movement. With the hasty and enthusiastic adhesion of Salonika in his pocket, he had no difficulty in winning over the armed forces in Athens and the Government came down to breakfast to find itself superseded. Although the Press in its own time proclaimed that life was again normal, the announcement was otiose, for the state of "normalcy" had been unbroken except for a few clerks who had taken a day's holiday.

For the stranger returning after an absence of five months the revolution and its consequences awake only a mild curiosity in comparison with the exciting change from

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early spring to full summer. The brilliant green of the *veld* and its carpet of wild flowers of many colours have given way to a uniform brown, and in the blinding glare of high noon the Acropolis presents an aspect of its buildings and of the Attic landscape new and amazingly beautiful. One knew the mystery, the awful majesty of the Parthenon under a full moon at midnight. One had felt the romantic charm of the view from the temple of Athena Nike on a spring morning after rain, with the March wind driving scuds of cloud over a blue sky, with the unceasing play of light and shade on Parnes and Hymettus, and the distant mountains of the Peloponnese wreathed in snow. But the almost unbearable contrast of full sunlight and deep shadow amongst the marble columns was unimagined and unimaginable. It seemed to be an image of that other contrast between the glory of Hellenic civilisation and the harshness and cruelty of many aspects of Greek life, and at the same time to suggest a clue, through the revelation that even Nature in Greece at certain seasons is pitiless.

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The Greeks of to-day are nothing if not democrats. That they have been torn by revolutions and have tolerated dictatorships is no evidence of hostility to democracy. It is rather a result of the imperfect practice of democratic government. Modern Greece has become an example of that diseased democracy which Plato describes with the scornful brilliance of a man who sees his deepest prejudices justified by the mistakes of others. The division of parties into fractions, the lack of leaders, the rise of demagogues created conditions where democracy was stultifying government. There lies the dictator's opportunity, and it was seized by General Pangalos as it had been seized in Italy by Signor Mussolini. A wise dictator works if he can through constitutional forms, and in seeking a vote of confidence for his Government from the Assembly and in accepting the restraint of a Parliamentary Commission during the recess General Pangalos followed the sound

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tradition. But in the long run if a dictatorship is to maintain itself, it needs not only dissimulation but positive achievement. The doubt which clouds the future of the new Government is whether it can imitate the Fascist régime to the extent of revitalising the administration of the country.

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The personality of a dictator will always be a fascinating study. An irreconcilable opponent remarked to-day, "En tout cas, il n'est pas le premier venu." A first glance might raise doubts whether even that modest admission was not an overstatement. Small and almost insignificant in appearance, General Pangalos has none of the physical fascination of a Mussolini. But he has a quick intelligence, endless courage, reserves of nervous strength and a real humour. His worst enemies have never doubted his honesty of mind and purpose, and he has continued to live the hard and simple life of the Greek countryside. Like all successful soldiers, he knows what he wants, and is apt to underestimate the difficulty of getting it. The military method of quick decisions may lead to curious results in problems of finance and economics. It is a simple matter for a dictator to ordain over his boiled egg that henceforth fish shall be served in hotels and restaurants only on three days a week, in order that the poor may enjoy a fish diet on the other four. But what is he to do when the fishermen decide that it is not worth while fishing for the poor and that if they double the price to the rich, they can sleep in the sun every other day? So, too, with speculation in the exchange—a habit which others before General Pangalos have found it difficult to eradicate. A simple threat of hanging in Constitution Square may seem adequate, since all Greece remembers that the dictator did in fact three years ago shoot six Ministers. Yet somehow even the memory of that act has lost its terrors. Everyone feels that the atmosphere is different in some subtle way. It is much as though Joynson-Hicks had threatened to

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revive Dora. No one would be alarmed, because we should all know that he could not get by with it. The danger with General Pangalos is not that he will be lacking in good intentions, but that he will have too many and will dissipate his very real strength in tilting at windmills.

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The degeneracy of politics finds little counterpart in the economic life of Greece. In spite of the weaknesses of instability and speculation, there are many signs of vital energy. After her disastrous experiences in Asia Minor, Greece is now left to consolidate a territory substantially Greek and homogeneous. It is extensive but not unmanageable and much of the new land in Macedonia and Thrace carries great possibilities. The population has been increased by the influx of over a million refugees from Asia Minor, and whatever may be the immediate difficulties of absorbing these numbers, there can be little doubt that these immigrants from the home of the Greek race will reinvigorate the stock and hasten the material development of the country. The work being done by the League of Nations through the Refugee Commission would be impossible if it were not for the industry, independence and resourcefulness of most of the refugees. For generations Greece has sent some of her best blood to the ends of the earth, less in battalions, as in those days when Greek settlements spread from the Crimea to the Pillars of Hercules, than as single spies. By their energy and their unbroken *animus revertendi*, these emigrants have been a corner-stone of Greek prosperity. To-day the best minds in the nation are turning to the development of the resources of Greece itself. They feel that the time has come for a wise expenditure on reproductive public works and that just as Australia or South Africa have taken chances on the prospects of the future, so should Greece. After 1,800 years Athens is no longer to be dependent on the aqueduct of Hadrian for its water. Large tracts of valuable land in Macedonia are being drained and brought under culti-

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vation. Attica is to have an efficient electricity supply for its rapidly increasing population and its growing industries. These are only the first stages of what may well prove to be an economic revolution in Greece. Its greatest asset is the extraordinary power of individual enterprise amongst the Greeks, with its corollary in a distaste for Socialism. Against this, there are the obvious dangers of political disunion and instability.

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To alight from an American motor within ten yards of the Lion Gate at Mycenæ must still seem incongruous. Yet America has taken possession of the Argolid. From the bare hill-top, which was crowned by the halls of Agamemnon, the only crop now to be seen on the plain below is tobacco. Centuries of denudation, aided by malaria and the Turk, have wrought such a change that a great imaginative effort is needed if we are to picture Mycenæ as the stronghold of a rich and powerful civilisation. As we approach Nauplia—that mediæval citadel of the Venetians and the Turks, with its unmistakable air of Italy and its incomparable outlook across the bay to the mountains of Laconia—cultivation improves and the richness of the plain of Argos seems less of a legend. In Argos itself, after a succession of Albanian villages, the Peloponnesian type appears, heavy, handsome, unemotional, almost phlegmatic, full of the dignity of a solid conservatism. One welcomes the relief from the volatile Athenians, with their restless, spasmodic energy, their constant search for “some new thing.” There passes through one’s mind the rather uncomfortable thought that as a nation our sympathies would probably have been with Sparta in the Peloponnesian War. Much in the same way, no doubt, many Englishmen have felt a kind of mental disturbance in admitting even to themselves that, take them all in all, they preferred the Germans to the French. The innkeeper in Nauplia, a Laconian from a village near Sparta, told us with pride how in his Doric dialect words and forms survived from “le bon

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Grec" which had fallen into disuse elsewhere. His first triumphant example was that he would call a donkey "onos." Even without this impressive instance of continuity, one would feel little hesitation in rejecting the too common view that the modern Greeks are a different race from the ancients. The ancients themselves were a product of migrations and much racial intermingling and the significance of the history of the last two thousand years is merely that the same process has continued. Goths and Franks, Italians, Turks and Albanians have left the trace of their sojourn or their passage on the people, as on the language, but they were powerless to destroy either the one or the other. On any night in Athens, Phaleron or Kephissia, in any restaurant where they dance, you may see amongst many types several with that same perfection of form and feature which distinguished the models of Praxiteles. If there is no Praxiteles in Greece to-day, neither is there in England any school of dramatists comparable with the Elizabethans.

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The guns on Lycabettus had been saluting the publication of the Constitution and almost before their echoes had died away the town was set by the ears by the news that the Government had dissolved the Assembly. This was meat and drink to the politicians of the cafés and the street corners, for the news had the unusual quality of being unsuspected. A political secret well kept is as rare in Greece as the Dodo. The coup has raised the wind, and the orthodox political leaders abound in philippics. The man in the street wastes little sympathy on them or on the dismissed Assembly. He feels that the Government, in spite of its blunders, has done as well as any of its recent predecessors and better than some. As for the Assembly, he was heartily tired of it. It was elected two years ago to draft a Constitution, and, like all constituent bodies, neither finished its task, nor showed any desire to finish it. The Parliamentary Commission, which came into being

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after the revolution in June, completed the draft, but with curious additions of its own, such as a provision that no Prime Minister should hold office for more than a year. Now that the Government has eliminated these idiosyncracies, the man in the street is prepared to welcome the Constitution as a document for which he had long been waiting and not to enquire too closely into its legality. His only concern is that fresh elections should be held after a reasonable interval. Your Athenian still has a regard for the observance of laws written and unwritten, and while he will cheerfully pass a law to whitewash an illegality, he feels a strong dislike for an illegality not so redeemed. The oracles say that, if he is wise, General Pangalos will satisfy this sentiment by proclaiming the date of the elections and will trust for his majority to the continuance of his efforts to bring the Royalist parties back into active politics. He has realised that the division between Venizelists and Royalists is a false issue in Greek politics. It separates men who for years served together under Mr. Venizelos and it perpetuates the remembrance of those differences between the Crown and the Government, which lost all meaning when the Republic was established. Neither the restoration of the Monarchy nor the return of Mr. Venizelos is a living issue, and the feud between doctrinaire Monarchists, many of whom were once Venizelists, and the rump of the Venizelist party can only embitter all political relations. With these views General Pangalos has had the courage to conciliate the Royalists and to seek their support for a policy based rather on broad national needs than on the maintenance of old war cries. Whether he will persist in this line or attempt to continue in office as a dictator, rests with himself and the Army. It would be a mistake to assume that the Army naturally favours a dictatorship: its support will tend to be given to the régime which has most to offer to the League of Officers. That, at least, is a phenomenon not peculiar to Greece.

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The "satiabile curiositas" of the Greek mind doubtless accounts for the remarkable vogue in Greece of the newspaper Press. In Athens and Piræus alone there are more than thirty journals of the kind so appropriately called "ephemeral." The circulation of many of them is insignificant and with a few honourable exceptions they live by blackmail. In that agreeable art, as in *suppressio veri* and *suggestio falsi*, Fleet Street would find nothing to teach them, but it might well view with envy and admiration the standing which these accomplishments have won for the journalist's profession. No Greek journalist is ever kept waiting, no question he may ask is ever left unanswered. An infallible rule for those who seek an audience of the great is to waste no time on private secretaries but to follow in the wake of a journalist. One will do as well as another, but if you know him, so much the better. From his daily peregrinations the journalist returns with copy enough to fill his paper. Twice a day Ministers, ex-Ministers and would-be Ministers are interviewed or make pronouncements. The favourite topic is the political situation—or in other words what your opponent said yesterday or you yourself did not say the day before. To-day for once there is a respite, all available space being taken up with the end of Yangoulas and his band of brigands. After three years of outlawry, twenty-two murders and innumerable highway robberies, the bandits were tracked by a resolute troop of gendarmerie to a fastness on the heights of Mount Olympus and after a siege were killed or dispersed. A "close-up" of their heads, as they are exposed in the nearest town, appears in the evening paper—two common criminals and a young man with the fanatical face of a revolutionary, curiously like a portrait of Saint Just. Brigandage, one is told, has diminished, but it survives and is most difficult to suppress near the frontiers. There, in a sort of no-man's land, congregate hardened criminals and those who have a grudge against society and those who in a drunken quarrel or a fit of passion have killed their man

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and escaped the clutches of the law. They are a menace not only to honest travellers but to international peace, since in the feuds of rival bands no restraint of frontiers is known.

* * *

It is natural that Europe should still look to the Balkans as to an area in which war is endemic, and from which it may spread at any moment to the outside world. But here in Athens, without being allowed for a moment to forget that the Balkans are a storm-centre, one is reminded that in many ways conditions have changed. Temporarily the Balkan peoples are exhausted. Greece and Yugo-Slavia have to consolidate their rule over vast new territories, to restore their finances, to rebuild their armaments; Bulgaria remains in sullen subjection, without an army, torn by political dissensions. Far more important is the new outlook in Turkey. That Turkey will come again, no one here doubts, but the expectation is universal that the effort will be made not in Europe but in Asia, not against Greece or Bulgaria, but in Mesopotamia and Syria. The other new factor—and it is vital—is Italy. Italian ambitions in the Mediterranean are not of recent birth; the novelty lies in the method and the persistence with which they are developed. The bombardment of Corfu was an indiscretion, which warned the victim and alarmed Europe. It has been followed by the more subtle plan of commercial penetration on the German model, with subsidised shipping, subsidised air services, subsidised trade and an unceasing propaganda to encourage the belief that Rome's "great age begins anew." Greece cannot hope to stand alone against Italian ambitions, and her efforts to obtain a renewal of the old alliance with Yugo-Slavia, her suggestion of a Balkan pact, are a recognition of the new orientation of Mediterranean politics. Amidst many manifestations of a nationalist mentality, there is a genuine belief in the League, and also a regard for Great Britain which is very rare in Europe. For that sentiment the British Army can

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claim much credit, and amongst the simple peasantry of Macedonia the memory of the British Tommy survives as of a friend who was always cheerful and considerate and whose chief pleasure was to play with the children.

* * *

In a democracy run riot, political effort must often seem "th' expense of spirit in a waste of shame." One is driven to ask whether a form of Government based even remotely on the expression of the popular will can be maintained in the conditions of modern Greece. Probably few of us would hesitate to give a negative answer if it were not for the recollection that Mr. Venizelos governed Greece after the manner of Pericles for two periods of almost six years each. That, no doubt, is a measure of the exceptional mental power and the acute political instinct of Mr. Venizelos. But Greece has rarely been without remarkable men, and at a time when political feuds are becoming less embittered, when an economic renaissance is in sight and when new blood has been introduced into the nation, a certain optimism is not unwarranted. It is barely a hundred years since Byron found nothing left for the poet but

"For Greeks a blush—for Greece a tear."

The Athens Byron knew was a squalid village with ten thousand inhabitants; Piræus was deserted except for a night-watchman and two customs officers. The two towns to-day support a million people and that growth has sprung from Greek enterprise and commercial acumen under a national Government.

* * *

It is an experience common to most travellers in Greece that the written word, however eloquent, fails in some way to convey more than a point of view, sometimes interesting, more often not. There has been no lack of attempts to communicate the charm and beauty of the Greek landscape or of the remains of the earliest European civilisation which adorn it. We are out of touch with the emotions

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of the romantic era and there is something almost repulsive in the effusions of a Byron or a Chateaubriand. The scholars who followed them were, with rare exceptions, too technical and wrote in terms more appropriate to the description of a post-mortem on the victim of some mysterious disease. Three of the most distinguished writers of our own day have founded a more humane tradition, and in the notes of Charles Maurras, Gerhart Hauptmann and Maurice Hewlett there is much that must appeal to anyone, who follows in their footsteps, as both true and suggestive. But the difficulty will always remain of committing to the universality of any linguistic form impressions that are primarily sensuous. The view from "Sunium's marbled steep" over the Ægean to the islands; the Saronic Gulf and the mountains of the Peloponnese from the cliffs above Megara; the path of the full moon on the waters of the Bay at Phaleron; the first glimpse of the Parthenon and the sudden realisation that its proportions were more perfect than those of any building one had ever seen; an hour at sunset in an English garden in Kephissia, looking over fields to the noble contours of Pentelikon and the ghostly scar on its face where the marble for the Acropolis was quarried. These are the moments which "vibrate in the memory" and have the power to banish the turpitudes of politics and to bridge the gulf of centuries.

Athens. July to October 1925.

CONDITIONS OF INDUSTRIAL PROGRESS

Last September we expressed some ideas on the general industrial situation. The article that follows contains the views of a writer who is in close touch with conditions in the Midlands.*

EDITOR.

THE boom following the Franco-Prussian war was in its turn followed by a depression which extended over a period of six years. About the year 1879, when trade was at its lowest ebb, the people of this country seemed to be on the verge of despair. There were Jeremiahs who said that Great Britain was over-populated, and that the conditions of the roaring 'fifties and happy 'sixties had departed, never to return. Their predictions proved false; the nation's trade was restored and proved sufficient to maintain a growing population on a steadily rising standard of comfort.

Five years of depression following the world war and the post-Armistice boom have given rise to similar misgivings. Many people have come to the conclusion that the root evil from which we are now suffering is over-population. There is also a widespread opinion, both in the United States and in Germany, that we are definitely on the down grade; that the world war merely hastened a decay the

* Since the article was written, a report on a visit to America has been published by the President of the Federation of British Industries which refers to some of the problems considered in it.

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beginnings of which were observable before peace was disturbed; that the love of leisure and sport has undermined the character of the nation and that largely—though not wholly—for this reason its industry has lost its recuperative power. Henceforth, we are told, Germany and America are to be the two main centres, and in due course their pre-eminence in world industry will secure for them the foremost place in international finance.

There are few people in this country who would subscribe to these pessimistic views, which are based largely upon the statistics of unemployment published monthly in the *Labour Gazette* and the difficulties experienced by those export trades upon which our industrial strength has hitherto so largely depended. But it would be folly to dismiss them as the children of desire, unworthy of serious consideration. The future rests in our hands, and if we are to shape it to our will we need to be aware of the difficulties that remain to be overcome.

The *Labour Gazette* for October states that 1,401,000 people were unemployed on September 28, of that number it has been estimated that from 400,000 to 500,000 were unemployed in a year of normal trade activity before the war,* as a result of seasonal changes in individual trades, to casual work, and the time lost in the transference of youths from blind-alley occupations to occupations providing lifelong employment to adults, and in the transference of workers from decaying or stationary trades to new or rapidly developing trades. Before the war the amount of unemployment of this character was unknown; registration connected with the post-war national scheme of compulsory insurance against unemployment has revealed, for the first time, the facts of the situation. No such complete system of registration exists elsewhere, but there is every reason to suppose that similar causes of unemployment are in operation in other countries, including both Germany and the United States.

* *Is Unemployment Inevitable?* (Macmillan & Co.), p. 7.

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Some consolation may also be found by a comparison of unemployment statistics with those of emigration. During the six years immediately following the war the total number of emigrants was approximately 1,200,000 less than for the last six years preceding the war; in other words, the rate of increase in the working population was considerably higher in the later period than in the earlier one. In order to absorb that further increase it would thus have been necessary for industry to expand even more rapidly than in the pre-war period of abnormal trade activity. Such an expansion could scarcely have been expected under such unfavourable world conditions. In the United States, on the other hand, the immigration rate has fallen since the war, and the possibilities of industrial expansion have been thereby restricted. An expansion of industry appreciably less than that of the pre-war period would thus be sufficient to absorb the whole annual increase in the supply of labour during the last few years. When to the reduction of emigration from this country is added the fact that a growing number of women now seek gainful occupations, it may safely be said that we are actually employing more workers in this country to-day than in 1913, or again in 1919, when trade was brisk and prices were high, but the demobilisation of the army and navy had not been completed.

Although, on analysis, the absolute amount of unemployment proves to be less suggestive of industrial decay than it appears at first, the tendency which statistics have recently revealed gives room for serious misgiving. The rapid increase in unemployment during the present year is due largely to the disappearance of artificial stimuli, such as the occupation of the Ruhr and the strikes in America, under which the coal-mining industry had been working for some time. But even when full allowance has been made for this factor, we find that unemployment in general showed a tendency to increase rather than diminish. In those European countries which adopted

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the same attitude as our own towards the gold standard there was a similar marked increase in the autumn and winter last year; but in every other case the crisis was negotiated with success, and since last spring there has been a steady fall. In Great Britain alone has this improvement in trade not been experienced.

Again, it is beyond doubt that the immediate success with which British industry absorbed the rapidly growing numbers of workers seeking employment after the war was due to the reduction in hours at the time when the trade boom had almost spent its force. A reduction of hours without a corresponding increase of efficiency necessarily adds to the real costs of industry, and in so far as the added costs are confined to one country the competitive power of that country is reduced. Moreover, if its competitive power is reduced, the initial success with which the country's industry absorbed the new workers will not be maintained. It is to be feared that the lack of resilience recently shown by British industry in comparison with industry on the continent is evidence of the essential failure, from one point of view, of the reduction of the working day. In the October issue of the *Labour Gazette* it is officially estimated that, whereas the average level of weekly earnings is about 75 per cent. above that of 1913, the average rate of wages per hour is twice as high. It may be assumed that the hourly efficiency of industry has been increased. Moreover, both efficiency and wages rates per hour have been increased in other countries. But it is difficult to avoid the conclusion that the ratio of the increase in hourly efficiency to the increase in the average rate of wages per hour is smaller in this country than in Germany and America. If this conclusion is right our competitive position has been seriously weakened; and as the competitive aspect of international trade will inevitably be of the first importance during the next few years, and the fate of our export trades will determine our fate as a nation, we cannot afford not to strive our utmost to improve

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the above ratio. Our economic salvation lies in a substantial and early increase in national efficiency.

The first report of the Balfour Committee on Industry and Trade points out that the volume (that is, the total value corrected for changes of price) of our exports in 1924 was 80 per cent. of the 1913 volume, while that of our imports was 106·4 per cent. The shrinkage was common to other countries, and our share of the world trade had slightly increased. But a reduction in the volume of foreign trade is a far more serious matter to this country than to any other country in the world, with the possible exception of Norway, and the recent reduction of unemployment in European countries suggests that the latter have been able either to re-establish their relative position as world traders or to find compensation in the expansion of the home markets. In the United States the gap created by a fall in exports has been filled by capital development within the boundaries of that vast country. The Committee further states that the post-war reduction in British exports is due not only to the impoverishment of the greater part of the world but also to the growth of local manufacturing industries and a tendency towards the formation of self-sufficing economic units. The new local manufactures are, however,

generally speaking, concerned at the outset with the simpler and coarser classes of goods, and the immediate result is not only to restrict international commerce, but to drive it more and more on to the finer qualities of manufacture . . . At present we find that the reputation of this country in most markets for quality of goods stands high compared with that of its competitors. The difficulties met with by British trade in competition with other export countries arise much more from questions of comparative cost than of comparative quality. Any tendency for competition to develop on the basis of quality should, therefore, *prima facie*, be beneficial to us, if, under the head of quality, we include all that makes an article suitable to its purpose and attractive to the intended purchaser, and do not merely measure it by the standard of what is, or has been in the past, most approved in this country.*

* *Committee on Industry and Trade: Survey of Overseas Markets*, p. 11.

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On another page* the Committee, referring to this country's share in the world's exports and imports, points out that after making due allowance for such factors as the "shift of export trade towards the higher and more expensive qualities of goods," there remains "a considerable excess in the rise of the price level of exports compared either with that of imports or with the general index number of wholesale prices." The selling prices "of manufactured goods which form the staple of our exports have risen faster than the prices of commodities in general." From these facts it is suggested that the increased percentage of the world's trade which has been enjoyed by this country is due, at least in part, to the "disproportionate rise of price rather than to an expansion of volume"; and further, that a "material factor in checking the recovery and expansion of the volume of our overseas trade is the great increase in productive and distributive costs, reflected in an abnormal increase of selling price."

II. LABOUR'S OPPORTUNITY

THE considerations set forth in the first section may be summed up as follows: If it is to absorb the growing working population, British industry will need to grow even more rapidly than in the years immediately preceding the war; for, in the first place, it is evident that emigration will not be restored to its former dimensions until a new ethic is adopted by the nations of the world, and the present restrictions upon immigration have been removed. Secondly, the revelation of the amount of unemployment existing in a year of normal trade activity will inevitably raise the standard of employment which society will strive to attain. But there are serious obstacles to be negotiated before such a standard can be reached. Other countries have entered the manufacturing field and created

* *Committee on Industry and Trade: Survey of Overseas Markets*, p. 4.

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industries to supply their own needs ; such industries are now too heavily weighted in the world's economy, and will have to be reduced, either in this country or abroad. Meanwhile, the exports of this country have changed in character, the finished product and the highly specialised product having become relatively more important. Even in the case of those products for which this country has long been famous the difficulty of maintaining the export trade seems to be growing rather than diminishing ; the cause is to be found partly in the disproportionate rise in the cost of supply ; this rise, in its turn, is due to the abnormal rise in the cost of labour and production, the cost of distribution, and the heavy overhead charges of industry in general, the first and third of which are due mainly to the extent of the rise in the hourly rate of wages since 1913 combined with the failure to achieve an increase in industrial efficiency corresponding to the reduction in hours.

The effect of all this is to be seen in the recent history of the shipbuilding industry. In no other department of economic activity before the war was the superiority of the British quite so marked. Many of the materials employed in shipbuilding and marine engineering were being imported in increasing degree, but the main industry continued to enjoy a fairly constant proportion (over 60 per cent. in tonnage) of the world's orders for ships. Nor could it be said that the intense and prolonged depression from 1921 to 1924 revealed any fundamental change in the situation, for the American yards, which had been mainly responsible for the oversupply of ships immediately after the war, had ceased to count as competitors. But in the spring of this year the shipbuilders received a rude shock. The growing competition of continental yards in ship repairing culminated in the capture of a valuable order for ships from a British shipping firm.

As the result of the failure on the part of the best of our firms to quote prices which were even within a reasonable

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distance of the German price, a joint inquiry was conducted by the representatives of the employers and trade unions concerned, and the interim report of the committee shows that continental competitors enjoy a triple direct advantage over British firms. Wages are lower, the working day is longer and the conditions of work are more elastic. There are other advantages of an indirect character upon which the committee has not yet reported but which are by no means negligible. Perhaps the most prominent of the handicaps placed upon the British firms is the heavy overhead charge in respect of local rates, which constitute a particularly severe hardship in the shipbuilding industry. But the report, as it stands, shows the difficulty which is created when an attempt is made in one country to raise its standard of living considerably above that prevailing in competing countries possessing similar geographic features and industrial equipment.

In spite of the gloomy circumstances which gave rise to the enquiry, the interim report of the committee gives room for hope. It is, indeed, one of the most encouraging economic documents published during the last few years. It provides an admirable example of willing, even eager, co-operation between employers and workers—in this case, companions in distress. Moreover, the employers adopted a statesmanlike attitude in taking the trade union representatives into their full confidence and submitting complete evidence relevant to the issues that were raised. "Publicity" in industry means, not necessarily the publication to the world of the intimate facts of internal administration, but the submission to each side by the other of relevant evidence and the abandonment of rhetoric or endeavours to confound the issues. In that respect the employers showed an excellent example of industrial leadership. Finally, the trade union representatives, in the "agreed statements," revealed a new attitude towards the problems of industry and showed that they recognised the needs of the situation.

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The joint committee* pointed out that payment by results provided a stimulus to output, that new machinery, if it was to prove efficient, should be utilised to its fullest capacity, and that the customs of the crafts—particularly the insistence upon the exact delimitation of craft boundaries—militated against efficiency and raised costs. The full acceptance of these economic truths marks a big step in advance on the part of craft unions; and although it was too much to expect, at that stage, an agreed constructive policy in relation to these matters, it may reasonably be assumed that in future the leaders will not lend moral support to restrictive customs still prevailing in the workshops of this country.

Payment by results has long been the subject of considerable controversy in those industries where skilled craftsmen still form the most important body of workers. A report issued a few years ago by a joint committee in the engineering trades provided conclusive evidence of the efficacy of such a form of payment in stimulating output and reducing overhead charges. Moreover, an engineering agreement on the subject has taken the place of the earlier antagonism. But the instinctive mistrust of the workers remains; in the cabinet and woodworking trades the official attitude continues to be definitely hostile, and in some districts payment by results has recently been abolished. Nor is the attitude towards new machinery everywhere so enlightened as in the steel and coal-mining industries. Although skilled engineers do not "officially" object to the introduction of new machines they insist upon the working of such machines being regarded as their own monopoly. This fact results in waste of skill, for in many cases the new machines could be effectively operated by semi-skilled labour. In money terms, the high labour costs incurred upon the new machines act as a deterrent, technical improvement and reduction in costs are retarded, and our competitive position in foreign markets thereby prejudiced.

* *Interim Report on Shipbuilding*, pp. 4-11.

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In the shipyards, however, the gravest of all problems is that known as the demarcation problem. Crafts merge into each other, and there are many "marginal" jobs which two or more craftsmen may perform with almost equal competence. The exact delimitation of the boundaries of a craft has been regarded by the unions as a matter of the first importance, and the invasion of the sphere of one craft by a worker of another craft has been strenuously opposed. So long as this policy was necessary to preserve the standard rates and to maintain the conditions of employment already secured it was intelligible and even defensible. But it is no longer necessary in order to secure the end in view; craftsmanship and standard rates are no longer endangered. Moreover, the policy militates seriously against efficiency, particularly in those shipyards where the most expensive plant has been laid down and the most modern appliances are used.

The problems relating to methods of remuneration, the introduction of new machinery and demarcation appear, in greater or less degree, in a large variety of trades, and if the attitude promised in the shipbuilding report were adopted by the workers in all those trades the efficiency of British industry would be vastly increased and the outlook for the future materially improved. Nor can it be doubted that agreements to prevent strikes and lock-outs would operate in the same direction. A cessation of work involving a loss of, say, £10,000,000 in wages means that the overhead charges of industry in general are increased by that amount, together with the overhead charges which the above sum would have carried if work had not been interrupted. Strikes are no longer necessary. Wages are no longer determined by the conflict of two forces each operating blindly and represented by an organisation which admits no right except that of might. Moral considerations are now accepted as relevant. Moreover, the Industrial Courts Act of 1919 implicitly recognises the importance of moral considerations and provides, through a Court of Inquiry

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a method whereby these may be given full weight, and in this respect it may be regarded as the corollary to the Trades Boards Acts. General agreement upon the principles of wage determination, combined with the provision of machinery which may reasonably be expected to give effect to such principles, has made the strike or lock-out as antiquated as many a blast furnace in this country. Institutions tend to outlive their utility, and it may be too much to hope that the strike or lock-out will immediately be abandoned; but its employment should at least become less frequent, and come to be regarded as a luxury which the community can ill afford. Moreover, given an era of peace and goodwill for industry as a whole, the opportunity for wholehearted co-operation within the workshop will be vastly increased. In the last resort, it is to such co-operation, which is the first condition of efficiency, that the nation looks for a solution of many of its present difficulties.

III. THE TASK OF EMPLOYERS

WILLING co-operation by adequately trained workers is a condition but not a guarantee of national efficiency. Just as the most modern technical equipment may be rendered ineffective and costly by reluctant or inexperienced labour, so, too, the best efforts of the latter may go for nought if they are expended upon machinery which is antiquated or upon plant which is wholly unsuited to its purpose. We are repeatedly told that Germany and the United States, because they appeared later in the field, were able to profit by our experience, and to start with the most modern appliances. Nor do we wish to underrate the importance of this consideration, which applies more particularly to the metal trades. The ironworks erected in this country during the earlier years of the nineteenth century were admirably suited to the requirements of

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the time, when local ores were available and the market for iron was mainly domestic. But the initial advantage enjoyed by our competitors is gradually diminishing, and the time will arrive when they, too, will need to re-equip their plants and to adapt their industries to the new requirements of the world. The ultimate advantage lies with those who show the greatest enterprise and resource and are prepared to adjust their enterprises to rapidly changing needs. It is high time that the nation should ask itself whether it is continuing to display those qualities of daring and resource by which it was once characterised, and which secured for it the industrial leadership of the world.

The answer to such a question is by no means clear. We became leaders mainly on account of the inventions of geniuses in the field of applied science and engineering, the readiness with which our manufacturers adopted those inventions, and the spirit of adventure displayed by our merchants and shippers. When the power loom was discovered, cotton factories sprang up in the villages of Lancashire, and the new loom was everywhere employed. But, under modern conditions, a fundamental change in the method of producing a commodity seems to take more than a generation to percolate through an established industry and to become the representative method.

The worsted section of the woollen and worsted industry is now seeking relief from French competition, but although the French manufacturers are favoured, for the time being, by the external depreciation of the franc, the actual imports are far below the normal pre-war level. The West Riding industry, which is strongly competitive, is suffering from handicaps which suggest the question whether the third generation is wanting in those qualities which enabled the first and second generations to hand down a valuable legacy. It is notoriously lacking in statistical information about its own operations, and, if the truth were known, it would probably be found that its present trouble is due mainly to the fall in the home demand resulting from the general depres-

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sion of trade and changes in fashion. The planning of the manufacturing processes is said to be seriously defective. The plant required for the combing of wool is expensive, and the typical combing firm is therefore fairly large. But the work is done entirely on commission, and the comber makes no preparation for future extensions. For this reason the combing section is a veritable bottle-neck, which prevents the industry from coping with a rapid increase in orders. The efficiency of the industry is further restricted by the multiplicity of small firms in spinning and weaving. Under the "room and power" system so common in the West Riding, the spinner or manufacturer rents the building, and extensions are almost impossible. The raw material is so varied in character that the small manufacturers concentrate on special lines, and thereby maintain their position. But in combing, spinning and weaving production on a large scale is not only possible but considerably cheaper, and those firms which have organised their businesses on the twentieth century model, though few in number, are incomparably more efficient, in the broader sense, than the great majority of their rivals, who still employ between fifty and a hundred workers. In the worsted industry, which has been standardised for about two generations, the production of this country has been practically constant, and the centre of the industry has shifted to the United States, where the business unit is considerably larger. Again, the influence of rings upon prices is very marked in the combing and dyeing sections of the industry. In short, the manufacturers have always competed keenly with each other and jealously guarded their secrets. It is largely in consequence of this fact that they have allowed the merchants to dominate the position. "Private enterprise" has been interpreted very narrowly; "efficiency" has been measured in terms of individual profits secured through successful competition with neighbours, and a collective effort to strengthen the competitive strength of the industry as a whole has never been

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made. It would be possible, in the view of competent observers, to secure economies of the first magnitude by a far-reaching scheme of reorganisation; and, if the Committee on Industry and Trade is right in stating, in effect, that we shall have to find larger markets abroad for goods of special quality, a clear obligation rests upon the woollen and worsted industry to strengthen its own position as a national asset.

One of the most important factors determining the efficiency of modern industry is power. Some years have elapsed since the Coal Conservation Committee reported upon the desirability of utilising electricity and the need for centralising its supply in selected regions. But the industries of this country, unlike those of its rivals, still cling to steam. An important article which appeared in *The Manchester Guardian Commercial* for October 29 shows that the proportion of electric power to the total power employed in the United Kingdom was even smaller last year than in 1910, whereas, in the United States, the increase in electric power was practically as great as the increase in total power. Experience both in this country and elsewhere shows that, if they started from the same line, electricity would nearly always win in the race against steam. But older firms already using steam are unable or unwilling to incur the heavy initial expenditure involved in the change from one to the other. This has especially been the case since the war, for the cost of reproduction has been enormously increased, and the gradual fall in the price-level since 1920 has encouraged people to postpone all avoidable capital expenditure until prices have reached rock-bottom. Apart from that fact, older firms have been content to see their industries decay and have endeavoured merely to save as much as possible by working the older plants until they become obsolete.

A healthy, progressive industry normally exhibits two connected features: First, the revenue that it provides is sufficient not only to supply all the capital required for

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its own development, but also to provide a margin available for the creation of new industries and the provision of new services. Without such a surplus, social progress would be impossible. Secondly, with a few exceptions, the average age of its capital equipment should diminish rather than increase. It is significant that during the period of rapid inflation and depreciation of the currency, the industrial equipment of Germany was improved; the average age, for example, of the rolling-stock on the railways was appreciably reduced. It is to be feared that for some time before the war the average age of the equipment of most of our industries had already increased; it seems fairly certain that very few of our staple industries are providing the margin necessary for progress. Some industries seem to be almost past praying for. Spelter manufacture was once domiciled in this country, but when, some years before the war, the appearance of Australian concentrates necessitated an adaptation of plant, the manufacturers would not "face up" to the necessary expenditure. The Germans and Belgians took their chance and built up an industry based upon those very concentrates. The copper industry affords another illustration of the manner in which firms clung to what they held and were placed upon the defensive in the international struggle for markets. The serious difficulties now facing that industry are indeed a legacy of an easy-going generation of employers. A new conception of efficiency is needed if it is to make any headway against its powerful rival in the United States.

No exporting industry in this country will carry a heavier responsibility in the near future than the iron and steel industry. If we take a bird's-eye view of it, we find much that gives rise to anxiety. The production of iron had been practically stationary for over three decades before the war. The steel industry had grown, though not so rapidly as to suggest that it was holding its own; the rate of growth was diminishing, and the proportion of steel imported from abroad was increasing rapidly. Some of

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the finishing stages, such as sheet and plate manufacture, were growing at a highly satisfactory rate, but others were suffering in an increasing degree from foreign competition. Although the group as a whole was fairly prosperous, the relative importance of the component parts was rapidly changing. In particular, the trade in semi-finished products was far from satisfactory. During the war the producing capacity of the steel industry was considerably increased and our dependence upon imports correspondingly reduced. But similar extensions took place abroad, and new steel industries were established in countries which had formerly been content to rely upon imports.

In our case there are, however, factors present which may prevent the industry shifting still more in the direction of the finished product. Integration of the different stages may result in those stages becoming, for all practical purposes, a single industry. The iron and steel plants of this country were erected long before the end of the nineteenth century. The steel works erected on green fields during the last thirty years may be reckoned on the fingers of one hand. Even modernised factories are like cities that have slowly grown out of small villages—they reveal the circumstances of their origin, and their configuration and thoroughfares bear the mark of a remote past. The plants have been extended, often under unfavourable conditions; their lay-out is defective and restricts efficiency; their equipment is of a mixed character, good here and indifferent there. Many of them have outlived their utility and should long ago have been abandoned in favour of methods which could only be adopted on new sites. Worse than all, with one or two brilliant exceptions, the blast-furnaces allow all the iron to run cold, and the steel works both reheat the cold pig and sell the ingot or billet to manufacturers of steel products. Blast-furnace gas is wasted in a manner that, judged by twentieth century standards, is little short of amazing. The basic Bessemer steelmaking process is no longer an import-

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ant industry, and there are only two or three works. We have concentrated upon the open-hearth process, which is possible in the case of our ores but which uses far more "scrap" and does not lend itself so easily to the conservation of heat by continuous working from iron manufacture to the rolling of steel. Technical articles emphasise the importance of quality and the superiority of British steel for the purposes for which it is produced. Whether this is the case for all purposes we cannot say, though we observe that experts differ in their views. But the important, and somewhat melancholy, fact is that the steel works are usually a long way off either from the iron works or from the works in which the products are made, or from both. This fact, and the added cost due to loss of heat in conversion and the failure to utilise "waste" gases in the most economical manner constitute a severe handicap in the technical sphere and militate against the efficiency of the industry as a competing unit. In Germany and America technical conditions are more favourable to cheap production. The plants are much newer, the lay-out is more suitable, and stress has been laid upon the importance of conserving heat and avoiding unnecessary transport charges.

Moreover, in both countries, capital is more effectively organised; standardisation and specialisation of plant have been pressed much further than in this country. In Germany the steel cartel which existed before the war was one of the most powerful organisations the world had ever seen, and in America the Steel Corporation controlled a larger output of iron, steel and steel products than the total output of this country. The German cartel, which was itself a separate company of which the manufacturers were members, acted as a selling agency; the functions of making and selling were kept quite apart and the latter was performed by the monopolistic cartel. This cartel, on account of the scale of its operations, was able to build up an organisation for research, distribution and selling which was of untold advantage to the manufacturers. Its operations created

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difficulties, even hardships, but, regarded as a whole, it added considerably to the efficiency of the industry for the purposes of competition in the international field. If it is not re-formed in the near future a new type of organisation approximating more closely to the American trust will be created. In any case we shall be faced with the competition of a highly-organised business unit, controlling, in greater or less degree, the manifold sections of the industry. In America those firms now competing with American trusts are strongly organised, and control all the stages of manufacture from the production of coal and iron ore to the making of hoops, plates, sheets, bridge materials and other products. We alone, of the great steel producing countries, continue to believe in isolated enterprise and to underrate the importance of co-operation and correlation.

Further, in view of the abnormal increase in the steel producing capacity of the world since 1914 and the failure of the world's demand, it is not unlikely that the competition in steel will be very severe for some years to come. Do we stand a reasonable chance of success under such conditions? If the reply is in the affirmative, is it not likely that in other countries competition will be carried right to the final stages of the industry through the erection of sheet and plate mills and other finishing departments? It will be recalled that the United States, having established a steel industry towards the end of last century, proceeded to build factories in which the final product could be made, and so made itself practically independent of this country; at a later stage it even began to invade foreign markets hitherto regarded as our own monopoly. Germany, France and Belgium have not yet reached that stage; but the continental steel industries are now so strong that the day may soon arrive when they will keenly compete with our own in the supply of practically all steel products.

It is doubtful whether the conclusion of the Balfour Committee will long be true of this industry—that is, whether we shall be able to concentrate upon the finished

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product. The production of iron and steel and steel products will have to be regarded as one industry and treated as such. We seem to need a new orientation of industry; to make a fresh start, as far as possible. The amalgamations of recent years do not appear fully to meet the new needs of the industry. They accepted the plants as they stood. It need not be doubted that they have achieved considerable economies through improvement in management, greater specialisation, and more complete co-ordination of effort. But the economies that can be achieved by technical means are strictly limited. Amalgamated companies are more effective as competitive units when pitted against the smaller firms in this country, but they may not be sufficiently strong to stand up against a desperate, highly-organised competitive campaign by foreign syndicates and trusts.

IV. CONCLUSION

REFERENCE has already been made to the fact that those American firms which competed with the United States Steel Corporation were ultimately compelled, by amalgamation or otherwise, to form themselves into new industrial units, each of which is now practically self contained. They control all the stages of manufacture, thereby insuring adequate supplies at all points, and competition is concentrated upon the finished product. The position of the British iron and steel industries relatively to those of Europe and America is somewhat similar; they should be regarded as a single industrial unit, and aim at becoming, as far as possible, self contained. The present cleavage of interest between steel manufacturers and those re-rollers who depend upon imported steel is by no means healthy. That the revival, this autumn, of the South Wales tinplate and sheet steel industry is partly dependent upon imported bars is also a somewhat menacing feature; for it is not improbable that in due course foreign competition

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will be concentrated upon the final product and that our rollers will eventually experience the same difficulty as the independent American manufacturers did in securing adequate supplies of steel.

Two steps appear to be worthy of serious consideration at the present time. The first is the formation of a syndicate or small group of syndicates in the industry; the second is the increase of technical efficiency by the closing of antiquated works and the erection of up-to-date plants in which the cost of transport will be reduced to the minimum and heat and power conserved. The second is conditioned by the first. Syndication could do much even under present conditions. For it would be admitted that specialisation in the matter of plant is not being pressed to the extent that is already possible, and that co-operation on the part of the manufacturers in each of the existing steel regions would facilitate production and reduce costs. Moreover, the advantages of a unified organisation for sales, with systematic research, advertisement on a large scale, and the cultivation of markets, are of the first order of importance.

Syndication, whether in the iron and steel industries or in those numerous other undertakings in which similar results might be expected, is by no means easy of achievement. In the first place, the temperament of the British manufacturer is intensely individualistic. He prefers independence with a modest competence to disciplined membership of a larger unit even when it would make his income larger and more secure. But there is a considerable difference between a love of independence rooted in tradition and that love of adventure which, in industry as well as in other spheres, was once regarded as a peculiarly British trait. And it is the former that constitutes the real obstacle to syndication. In the second place, a syndicated industry would demand qualities from the leaders which differ materially from those which are now necessary in industry. The commercial and administrative

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problems that arise in the course of business have hitherto been regarded as comparatively simple, and those whose claim to leadership rests upon technical grounds have been expected to cope with them. Training in metallurgy, technical engineering or chemistry and dyeing has been looked for, but not in commercial organisation. The growing complexity of business and, in particular, the recent amalgamations in industry have revealed serious gaps, which have been partly filled by the appointment of lawyers, accountants and financial experts as directors in the case of the larger firms. But the problems of active management are changing with great rapidity and considerable difficulty is already experienced in finding men capable of directing the many activities of amalgamated enterprises. Engineers tell us that satisfactory heads of departments can be found with ease, but that men capable of undertaking general business management are as rare as nightingales. Business men who are able to control the activities of two or three establishments are hopelessly lost when they are faced with the wholly different problem of directing the financial and commercial business of an amalgamated company owning a dozen or more establishments. Similar difficulties were experienced in America when the great trusts were promoted; and from all accounts these have not yet been overcome.

But it may be assumed that the demand will ultimately create the supply. It is too early yet to say that we have reached the limit in the size of a business organisation which can be efficiently controlled by human beings. As the unit grows the function of management changes in character, but new needs usually produce leaders equal to them. Nor is there any reason to despair of the ability of this country to produce its own men for this purpose. We are undoubtedly suffering from the fact that many of our business men have inherited businesses for the control of which they are not fitted either by nature or by training; they are content with far less than would have satisfied

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their abler and more venturesome fathers and grandfathers. Moreover, the business opportunities of the clever and ambitious but moneyless youth have been enormously reduced by the growth in the average size of the business unit. But these are difficulties that may be overcome by serious endeavour. War-time experience has shown that when they really care the British people are still able to display those qualities of initiative and resource for which the nation was once famous.

It is time that we really did care. The nation is on its trial. The removal of the embargo on foreign investment will only be an effective and permanent stimulant if we are able to show at least that measure of efficiency in industry and commerce which is shown by our chief competitors. The system of private enterprise, too, is on its trial. It has been unjustly blamed for much that is due to the war; but it will henceforth be judged by the manner in which it adapts itself to new needs. Private enterprise is not, in the main, individual enterprise, but the enterprise of groups working under severe discipline. Group control has hitherto been exclusive in method and monopolistic in intention. We now need syndication in which monopoly, if it is present, will be incidental, and national efficiency the motive and the justification.

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The political side of the work of assisting the development of the backward races for whose care the British Empire is responsible has often been the subject of ROUND TABLE articles. In this one, a writer of exceptional experience deals with its educational side in West Africa. He tells us something of the principles which are being put to the test at the new Prince of Wales' College at Achimota on the Gold Coast.—EDITOR.

I. THE AIM OF NON-EUROPEAN EDUCATION

PROBLEMS galore confront the teacher who has to train his own countrymen's children. He must in any case have the power of entering into the mind of the child. He must keep in view the path it has to follow, the future of its own people. The task is difficult. It calls for exceptional gifts of sympathy and imagination. When all is said, however, it is an enormous advantage to share their traditions and language, to have a hundred things in common with one's pupils. But when it is the children of another race, with a different history, language, traditions, social customs, outlook and religion, who have to be taught, what then?

There was a time when people thought that all that was wanted was to do over again what had been done in England; that the same methods could be applied in a completely different environment, to completely different people,

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with little or no modification or adaptation. And so old codes, which have long outlived their time and been discarded in England, may still be seen in use for the education of the children of other races.

Both Indians and Africans now react against education of this kind, and it is a sound instinct that makes them do so. Yadrinzeff says with truth*:

The true aim of education should always be to cultivate in the individuals a feeling of love towards their tribe, but never to draw them away from the national body; for the ultimate end of that method must inevitably be extinction and decay.

Only those who keep intact the bond of unity with their own people are capable of exercising any sound influence amongst them. Let our pupils, then, learn through the medium of their own vernacular. They will thus not only show more capacity to assimilate their new knowledge: they will be able to pass it on. Still standing shoulder to shoulder with their own people, and seeing through their eyes, they will at the same time see more and see further. In justice, however, to those who have gone before, it must be remembered that although the vogue of the Anglicising system, which experience has now proved to be defective, was in the first place partly due to our veneration for all things Anglo-Saxon, it was also the result of insistent pressure from the non-European races themselves, who were eager to have it till it had been tried and found wanting. Till then, indeed, probably no other system would have been accepted. That, however, a better one is possible we now know. Japan has shown that a Western education can be adapted and that it will flourish in the East. Successful efforts on a smaller scale have also been made in other countries to give their people all that is best in the West, without losing touch with the East, and the new has been grafted on to the old with benefit.

* "Influence of Culture upon the Natives of Siberia." Quoted by Vamberg in *Western Culture in Eastern Lands*, p. 113. (Pub. John Murray.)

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to both. A notable example is Rabindranath Tagore's school of Santiniketan in India.

Special difficulties beset a European engaged in the work of educating a non-European people. He himself knows little of the background behind his pupils, or of their parents, and his colleagues are usually in the same predicament. His pupils, or their parents, demand tests which are recognised throughout the Empire. That, however, means English examinations, and these involve a kind of training which is largely unsuitable, for the tests were set for boys in England, with no thought of the tropics and their conditions, no sense of the outlook of non-European peoples or of their environment. Still, the better pupils, and their parents even more, require a test such as Europeans undergo, the passing of which will win Imperial recognition. And this demand cannot be evaded, for behind it there are compelling reasons.

There is a psychological need for such a test. Although both Indians and Africans feel that they are not individually inferior to members of the ruling races, there is, none the less, what may be described as an inferiority complex in their attitude towards them. They do not believe that they are inferior to the European, but they know that he usually considers them to be so. Hence the feeling that they must demonstrate their equality. It is a condition of their very life, and any attempt to curtail the opportunities for such demonstration is invariably misconstrued, and leads to bitter feeling, itself a grave wrong. Not only that. This inferiority complex, which makes all inter-racial intercourse to-day increasingly difficult, is only made stronger by such curtailment. We ourselves in the past urged the application of English tests. We cannot now get rid of them unless the leaders of the non-European peoples themselves work for their abolition as Tagore has done at Santiniketan.

Yet true education cannot find its real end in European examinations. They must have a place in it to meet a

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demand, which itself is justified on grounds which are neither educational nor ideal; but they must not be treated as ends in themselves, merely as incidental steps on the way to something greater.

"The true aim of education should always be to cultivate in the individuals a feeling of love towards their tribe, but never to draw them away from the national body." How are we to realise so difficult an end?

It is not as if the races to which our pupils belong were standing still. There are none in Europe moving at anything like the same rate. Once upon a time, in the days of the Renaissance and of the Reformation, we, too, moved fast. Even then, however, we probably did not move anything like so quickly as the peoples of Asia and Africa are doing to-day. To-day they are experiencing their own Renaissance, their own Reformation and their own Industrial Revolution, all in the lifetime of a single generation. No wonder they are restless. All their economic standards have changed. The African chiefs are losing their old power and are unable to keep their peoples together as their fathers did. The sanctions of the old religions are undermined or gone. Strangers from all kinds of races appear in places which till the other day never heard a stranger's voice. Back lanes and by-ways have become thoroughfares. In all this the schools have taken little part, far less than economic factors and the Government. The indictment against them that they are the cause of the unrest is largely untrue. The real charge is that they have failed to explain it to their pupils. They have not taught them how to lead their people through unaccustomed waters. A school should aim to-day at turning out pupils who, on the one hand, understand their own people and appreciate what the background of their history, their prejudices, and their social and economic organisation mean; and, on the other hand, recognise the outside forces which are working on this background and the dangers and the opportunities which come in their train.

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II. THE AFRICAN PROBLEM

IN Africa the problem before the European educationalist is far more difficult than it is in India. In India there is a magnificent culture, and to-day there is thoughtful Indian leadership at hand to offer guidance. Society there is largely stable, capable of resisting inimical influences, of absorbing extraneous qualities without fatal disturbance. But in Africa society is far more sensitive to the consequences of change, far less able to stand up against outside forces. And the European teacher will find very few Africans who can tell him how to help them. The distance, too, between African society and the exotic society whose contact is affecting it is immeasurably greater than it is in India. There two different systems also meet, but both are powerfully organised. In Africa the organisation of society is weak and of the most elementary kind. At the same time, it is up against an organisation that is as hard and forceful as any the world has ever seen. In India any European who cares to do so may hear a great deal about the history and the society behind his pupils. In Africa far less is known, and there are serious difficulties in the way of learning more.

But we have to train the youth which is entrusted to us by their tribe to love and serve it. How is this to be done? Our first duty is to respect and develop the language of the African. In former days a comparatively limited vocabulary served his limited needs. To-day it is different. His vocabulary must grow to meet his new requirements. Why not, then, it may be said, take English and teach him that? It would be a cheap and easy solution for the European. It saves the study of languages and text books. It would reduce expenses in printing and time; it would generally simplify the work of the European. All this is true, but for the African himself it is a fatal solution.

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It means spending so much time over the medium of instruction that little knowledge can get into the pupil's head. He might acquire a trick of unintelligent memorising, but the power of real thought would become atrophied. He cannot, moreover—at all events he does not—pass on what he has learnt through such a medium to his village friends. He becomes, in fact, a bucket, not a pipe, and his chances of exercising true leadership are gone. The vernacular is not merely a means of expressing ideas. It colours the mind of the person who speaks it, and the teacher who knows another vernacular will find his teaching the richer for it even though he may not be able to use it directly on his pupils. Teaching Africans in English is also likely to result in a widespread relapse into illiteracy. In the Philippines the Americans have extraordinarily well-equipped and well-organised schools, but they teach entirely through the medium of a foreign tongue. In consequence there is a relapse into illiteracy which some qualified observers believe to be not less than 80 per cent. A well-thought-out system is thus spoilt because of the language difficulty. English must, of course, be taught in Africa and well taught, but it should be taught as a second language. Even in the higher forms the vernacular must gradually become the medium of instruction for most subjects, otherwise, it will be impossible for the intelligence of the African to develop as it should. This undoubtedly means more work and harder work for the education staff, but that is surely better than giving, as is at present so often done, all secondary and in some places even primary instruction through the medium of English.

To many a small child fresh from an African village or Indian outcaste quarter the whole of the work at school must at first seem wholly irrational. Why should he learn to read or write? Is it not merely a whim of the governing European? Why cannot one get on without it under them? It is, he thinks, just a mad humour which must be propitiated. No one will do his work well or keenly

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unless he sees the reason for it. The first step, then, is to persuade the village child that there is a reason for learning reading and writing and other accomplishments which bring power. There are many ways in which this can be done. The trouble is that most teachers rarely realise it has to be taught and that it is almost as important a lesson as actually learning to read and write. It, moreover, makes the business of learning them much simpler. One way is to get your school workshop to turn out model village huts, no two alike, and all in sections, each large enough for the children to creep into. On each section directions should be written how to fit it into the other sections. The little six-year-old child from the village will see other children with their huts and will want one, too. He will be told, when he asks for one, that the Principal cannot give him one now for he is busy, but if the child will write to him he will read the letter next morning in his study and answer it. "But," the child will say, "I cannot write, I can only ask him." The reply will be, "but you won't be able to go and see him in his study then, so you must write." "But who will teach me?" the child will cry. "All these boys who have huts can write. They will teach you" will be the answer. And that youngster will set to work. He will pester others to teach him, and most of them, proud of their lately-won knowledge, will willingly do so, and learn more themselves in the process. In three months or so the child will thus have learnt to read and write and won his hut. More than that, he will have learnt the far more valuable knowledge that he can converse with the absent and himself learn from those he cannot see. It often takes children who do not grasp their *rationale* two or three years to learn reading and writing. These years that are saved by making them see the why and the wherefore are of the utmost value.

Then, take arithmetic. As taught in the West, it seems to have no rhyme or reason in it. Man got on very well for ages with the aid of marks on wood or of counters of

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some kind or other. Why, the African child wonders, should one learn arithmetic at all, if it were not again for this mad fancy of the white man? But instead of a daily lesson to the children, try giving a whole day a week to the subject. On that day turn the school into a village market, and arithmetic will come into its own. Let each child in turn become a stall-holder for a time, and give him goods which he can sell for counters of a known fixed value. Let him keep his accounts in his own way. It will soon become obvious that the least cumbrous way is just simple arithmetic. The child who is quickest at addition and subtraction and knows how to use his pencil and paper will generally do best with his stall, and what counts for more, he will stand higher in the eyes of his companions. In order to stand even higher, he will cheerfully learn between "market days" to make his entries neatly. These methods are, of course, mere educational truisms, but for all that, they are rarely put into practice, largely because schools are hopelessly understaffed.

But far more important than any question of method is the attitude of the school and the teacher to cultural education. One frequently hears people of all kinds remark how superior the untutored primitive villager is to the African who has come into contact with Europeans. The reason for this is largely the inferiority complex. It raises a barrier. In moments of protest it shows itself in self-assertiveness. A feeling of estrangement, often amounting to bitterness, goes with it. Now, no amount of European culture, however well assimilated, will cure this, but let the individual once feel at home in the culture of his own race and the feeling of inferiority will go. If Rabindranath Tagore had been content to be merely a brilliant student of Western literature, he would then, in a racial sense, have been a man without a home, a mere isolated unit with no nation behind him and no background he could call his own. However much he excelled his English friends in his knowledge of their literature, he would still have been a

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stranger within the gates, rather than a son of the house. But he went back to Bengal and drew his inspiration from Bengal. He wrote the songs of his own people in Bengali and expressed their own ideals. As a result he stands an acknowledged freeman in the literary company of the world. As a student of English culture he would always necessarily have felt a foreigner. As a Bengali, he has inspired his nation.

What is true of a genius is equally true of smaller men. Cut off children from their true cultural home, their own race, and they will always feel outsiders, inferior, restless and sore. Show them how to reach their own culture and thus inspired they will soon in their turn inspire, and indeed pass, their teachers. The way to do this in Africa has hardly yet been thought out. The Governor of the Gold Coast has arranged for the European staff of the new Prince of Wales' College at Achimota to spend a year or two out in the country before they begin teaching. By the end of that time he hopes that they will have made progress not only in their study of the language, but also of the musical, artistic and historical culture of the people. In this way teaching, when it starts, will be most of it based on a truly African foundation. One of the staff has, for instance, been studying Gold Coast music. He finds that its folksongs have strong musical resemblances to old folksongs in Britain and Europe. He proposes to teach the children to sing and to understand the music of their own songs. This done, he would give them similar folksongs from Europe. He would then bring them on—two out of every three of the lessons should be critical—to understand the gradual development of European music. They would learn to appreciate the light tuneful music of the Renaissance, French and Italian, the Elizabethans, and so on through Handel and Mozart to Bach, who appeals to them as no other does. But the whole aim is that the course should say to the pupils, "See, you started as we started with quite a good foundation. You stopped. Why? Start again; that

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is your business." And so the children will, as they grow older, be encouraged to look for fresh songs in their own villages, and with the aid of the knowledge they have gained to go on to compositions of their own.

The same plan may be used in teaching history. First, collect local chants and ballads, then set them by those of Europe. Show how the truth can often be reached by comparing one tradition with another. In this way, again, keen intellectual interest can be aroused with its centre in village sources, and a historical culture developed.

These plans may not succeed. They have still to be tried, and it will take time to prove their worth. But it is essential somehow or other to get the culture of the pupil centred in his own tribe and home. The Gold Coast Government has made a most valuable advance. It has sent an expert to spend his whole time studying the customs, constitutions, laws and religion of the Ashanti people. There can be no doubt that this work will be of immense value to African education in general, and to Achimota in particular.

Thus far we have dealt mainly with subjects which are taught in most English schools. But there are others which are indispensable in countries like West Africa. Sir Michael Sadler tells us that

Owing to the constant changes in industrial and social conditions which are brought about by new applications of knowledge to manufacture, to thought and to means of communication, each individual needs a higher degree of adaptability than was formerly the case.

If this is true of England, as it undoubtedly is, it is even more true of the great non-European races which are to-day, at a speed hitherto undreamt of, making up the leeway of centuries. It is, then, essential that our pupils should become adaptable, and with that object we must make them understand the present position of their own

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people and the new forces which are affecting them. For this purpose there is no instrument so effective as a training in social service. In the writer's opinion, every school should be near some town or large village where the pupils can learn to understand the life of their own people. The school spirit can then be based, not on prizes won in competition, but on services rendered to the community. The C.M.S. school at Srinagar in Kashmir has already shown the possibilities of work of this kind. Boys will gladly go from the school and teach games and drill in the neighbouring villages. In this way they will get to know others of their own age who are still living in the old way. As they get older they can pass on to sanitation, better housing, dispensary work and entertainments. Again, if they are taught how to select seeds and given other simple agricultural "tips" at school, they can do much to improve the village crops. The girls, on their side, can learn child welfare. But the lines which can be developed at school are legion, and work of this kind will, at the same time, bring out qualities of resourcefulness, leadership and thoughtfulness in both boys and girls, who often develop unsuspected powers of originality. But social service will lead to something better still. It will make every pupil, even while he is at school, think in the terms of his own people. More than that, it will have the same effect on the school staff. In this way the whole school will co-operate to turn out capable and unselfish citizens, whose main interest will be the ordinary life of the community to which they belong. This may sound far fetched to those who have never seen a school develop social work on a sound basis and on a large scale. Those, however, who have had experience of such work will agree that it is no overstatement.

But there are other problems outside the question of the curriculum which differ, in degree at any rate, from those that confront the teacher at home. First among them in Africa comes the sex question. Many observers of

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African life have remarked on the way the African ceases to develop on reaching puberty. One often hears it confidently asserted that his brain then stops growing. The writer's experience leads him to the view that there is no hard and fast rule. It is true that many Africans cease to develop mentally at that stage. Children who have been bright and quick become dull and slow. But this phenomenon is not confined to Africans. After teaching boys from many races and localities, the writer has come to the conclusion that it all depends on the primitiveness of the boy's home environment. A boy from the town, for instance, who is continually seeing new sights and acquiring fresh interests, is far less affected by puberty than one of his own family who has been brought up in some out-of-the-way village. The latter has less to distract him, and is more thrown upon his own resources. He is accordingly more affected by puberty because he has nothing else to think about. But it only takes a little care to arouse his interest and to draw him out of himself. His brain will then develop just like any ordinary boy's. The law is a general one. Over-indulgence in sexual thought anywhere and always stops the full development of the brain. Such indulgence is almost inevitable among boys brought up in the isolation of primitive conditions. It is not a matter of race or colour. Nor is it found only in Africa. It is the same in Asia, in America, especially among the "poor whites," and in Europe. In Africa, however, where most boys have been brought up in more or less primitive conditions, where sex has an undue prominence, there are complications not generally found elsewhere. Further, long centuries of unsettled life have led in Africa, as war conditions always seem to do, to the growth of sexual indulgence. There are districts where tribal custom imposed certain bounds, but with the relaxation of its sanctions its power for good has disappeared.

What, then, can the teacher do? He finds a race of magnificent physique, but subject throughout great tracts

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—both in wedlock and out of it—to the curse of sexual over-indulgence. It is not difficult to save the child during the years of puberty, but steps must be taken early. He must be induced to come to school at about the age of six and at once placed under the very best teacher the school can obtain. These early years are far the most important. During them the child can be carefully grounded and “brought on” rapidly until, at about thirteen, he stands on the threshold of puberty, when he should be further advanced than most children of his age elsewhere. By this time he will be keen on his work and have acquired self-respect. But for the next two or three years his programme must be a lighter one. He can be taken over old ground, but, as he proceeds to more advanced work, he should be required to express everything he does in some way or other with his hands. Instead of pure memorising, too, let him make a synopsis of everything he has studied. He should also be taught new games, and his skill in this direction developed. You will soon find his day dreams occupied with them or with his progress in agriculture, or the care of animals, or manual work. Once this point is reached he will be through his trouble, and his mind, the fresher for the rest of these less strenuous years, will reach forward again to new progress.

But we must not be content with saving the individual. A new outlook must mark the relations of men and women in the society he lives in. No one can say that woman commands no respect in Africa. There are places where she perhaps enjoys more influence than in any other continent. The power behind the throne is the Queen Mother or the sisters. Royal descent is often traced through the female side. Nevertheless, it is true that the relationship between the sexes, either before or after marriage, is rarely comradeship. Separate schools for boys and girls do little to improve things. In some girls' schools the pupils are segregated from the boys and taught that to think of them or have any communication with

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them is wrong. The barriers raised by that method are bound to come down with a rush. Boys' schools also segregate their pupils, with results that are far from encouraging. The most important economic contribution that educational work can give to Africa is a reasonable solution of the sex problem—that and child welfare. In the writer's view, the solution, as in the French Cameroons, is linked schools for boys and girls. The girls' schools must necessarily be different to the boys'. Their curriculum and systems of discipline vary in many respects, for the end for which the pupils are being trained is different. But the girls can supplement the boys' work, and the boys on their side can do work for the girls, as indeed they will have to do later on in life. The girls can cook, sew and wash; the boys can cut wood and keep the premises in repair. Each will thus get to know the other as reasonable human beings in this useful partnership, seeing each other at work and at play, and sometimes meeting in the class or the music room. There are immense latent possibilities in the marvellous physique and the mind of the African. Neither has hitherto had a fair chance. But the first essential is a healthy outlook and clean living. Every effort of the school should be directed to this end. When the African has won his freedom in this there is nothing else that will hold him long in thrall.

Then, there are the parents. The school, here too, can do a great deal, for social work will bring it into close touch with them. But the school has at least as much to learn from the parents as it has to give them. They can say what effect the school is having on its pupils. They can give shrewd criticisms of its work, its tone and its curriculum. They can often see what is really useful and sometimes they can point out where time and energy are being wasted. There should, if possible, be annual conferences with the parents and with the leaders of their race. Such conferences not only give the school a chance of self-interpretation, they give the staff a most valuable opportunity of learning

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to know the people they wish to teach and their land—in fact, of getting real wisdom.

The next point is that the spirit of the school, especially if it is a boarding school, must be one of freedom. Lord Acton tells us that "History is the record of man's struggle to be free," and the desire for freedom is intense, especially in the young. Few English boys welcome the change from the comparative freedom of home to the closer discipline of school, even when it is the traditional school of the family with all the legendary glory with which their elders' talk has endowed it. Its main features have been familiar to them almost from babyhood. But the African child, the Indian too, fresh from a home where there is even more freedom than in an English home, is plunged into an unknown which has no halo of romance upon it, and which both in its discipline and its ideas differs immeasurably from anything that has ever entered his imagination. His home sickness is generally concealed, but it is none the less acute, and discipline should be made as easy as possible. But there is another and an even more powerful reason. The conventions an English boy learns at a public school are those of his own set, and it will be easy for him in later life to carry them out, for he will have the support of public opinion. But the African boy goes back to a society which is rapidly changing, where there seems to be nothing stable, and where public opinion is often at the opposite pole to all that he has learnt at school. He will frequently have to make rapid decisions, with no counsellor at his side, in the teeth of public opinion. How can he stand as a freeman if he is not brought up free at school? He must be trained to show initiative, to look to principles rather than rules, and to trust his own judgment. This may be thought to be aiming too high. But the writer's experience has convinced him that it is possible in the case of the average boy. Besides, it is futile to aim lower. The society to which the pupils will return is comparable to a country over which a mighty flood is

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sweeping. One can no longer put one's trust in well-defined paths and little fences. The old landmarks have already been swept away. Any that we attempt to put in their place will share their fate if they take the form of mere rules and conventions. But principles remain, and with their aid it is possible to win through the flood. It may be objected that this is to attempt the miraculous. It is. But miracles are accomplished every day.

This brings us to the question of religious teaching. The old Juju religion, itself the product of warlike times with a code of morals to suit, is breaking down, and when such a system begins to show fissures, though the semblance of power may remain, its real value is gone. Mahomedanism is inadequate to fill the blank, and with the collapse of Juju the pagan tribes of African origin are as sheep without a shepherd. The advisory Council on African Education at the Colonial Office has, therefore, committed itself to the policy of teaching religion wherever possible in the schools.

But how is the Christian religion to be taught? Opinion is divided. One view advocates dogmatic teaching. The other would make it mainly ethical and personal. The writer would be counted as an adherent of the latter view, though there must, he believes, be something of both. The second is, however, far the most important at schools. In religious instruction the first essential is to get the right teacher. Religion is caught, not taught. More people are repelled than attracted when the teacher himself lacks conviction and enthusiasm. But the religious hour has less influence than the everyday life the pupil sees his teacher living in the school.

III. SOME NEEDS OF THE SERVICE

CONSIDERATION of space makes it impossible here to give to the question of religious instruction the attention its importance deserves. The same reason must account for the shortcomings generally of this sketch. Enough, however, has been said to make clear what a magnificent field of endeavour the educational service of the Empire offers. The work is constructive from first to last. It calls, indeed, for pioneering qualities. The educational service is, however, at present the Cinderella of the services. The rank and file are, it is true, paid as well as they are in the administrative branches, but the educationalist does not enjoy the wide opportunities which the latter service offers its better officers. Honours and "plums" practically never come his way. The status of his service should be raised. The administrative service often has to lock the stable door after the horse is stolen. The education service is there to save him before the catastrophe takes place, and it, too, needs encouragement to help it to play its part.

But even more important than status is the question of adequate staffing. That in itself would increase the number of opportunities offered by the service. It is more cramped, it is safe to say, for men and money than any other. The Principal of a great school has to teach twenty-eight periods a week as well as do office work, supervision and a host of other things. Inspectors have unmanageable areas. At training colleges one finds 50 and 60 pupils in every class, with every teacher teaching for practically every period. Men become machines under such conditions. They long for time to think out ways of adapting their teaching, to get to know the country and its traditions. There are a hundred and one things crying out for attention. But for them it is a case of stitch, stitch, stitch.

Some Needs of the Service

Why not, then, open the service to women on the same terms as to men? They are at least as good as men in the most important part of educational work, the primary. All would admit it. The writer has himself employed women to teach senior college boys in the East, where he found their discipline and the work their pupils did as good as the men's. Men have many careers to enter, but throw the education service open to women on equal terms, and you will attract the best type, especially as it would be the first service so to open its doors. Parents will no longer refuse to let their daughters volunteer for a service in Africa if it has prestige and offers good conditions.

And the service itself is worthy of the best we can give it. No other calls forth more constant devotion from its best workers, or gives in return a fuller life and reward. It is often full of drudgery, but what great work is not? In this work, at least, a teacher comes close to his pupils. He can encourage the weak and strengthen the strong. He receives real loyalty and love from those he himself has come to regard with affection and reverence. And as he lives day by day with his pupils he finds he is making a nation. Then, one day, he wakes up to the fact that while he has been making of them a nation, God has been making of him a man.

THE INDIAN FRONTIER PROBLEM

Before the war, if the Canadian southern boundary, which for over a century has ceased to be a frontier in the ordinary sense, be left out of account, the British Empire had only one real military frontier, in India. Everywhere else, its bounds were the sea, or, what is nearly as good, wilderness and desert. The war has left us with commitments in the Middle East, but in the 'Iraq, at all events, our presence is admittedly temporary. Our permanent land frontier problem is still in India. The course that policy has taken with regard to it is described below by a writer who has spent years on the frontier. The way in which frontier relations react upon the internal situation in India is also brought out and if the stress of politics in the peninsula itself sometimes makes us forget the basic character of the problem in the North-West, this article will help to restore perspective.

EDITOR.

THE problem of the Indian North-West frontier is really a number of problems which, in theory, can be isolated and studied in detachment, but actually merge into each other. There are four main subsidiary problems, each having an individuality and a train of minor problems of its own, which, fundamentally indivisible as they are, combine to form the great frontier problem. These four are: (1) The international problem of India and Afghanistan; (2) the military problem of frontier defence; (3) the "political" problem—that is, the problem of the control of the tribes of Independent Territory by our

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suzerain power, and the question of their relations with Afghanistan and with similar and, in many cases, kindred tribes living inside our administrative border; (4) the problem of the Frontier Province—that is, the five settled and regularly administered districts of Hazara, Peshawar, Kohat, Bannu, and Dera Ismail Khan.

Now it would not be difficult to put forward a satisfactory, or at any rate reasonable, solution for any one of these four subsidiary problems—if the other three factors of the main problem were absent. And, in fact, this is what we find as we read through the great mass of controversial literature which has accumulated on the subject of Indian frontier policy and administration during the past two generations. Schemes are propounded and solutions offered which are obviously based mainly, where not entirely, on an exclusive consideration of one or other of the above-mentioned factors of the main problem. It cannot be too often repeated that on the Indian North-West frontier military, "political," administrative and diplomatic considerations can never be shut off from each other in water-tight compartments. Political arrangements must march with military. Military policy must take political conditions into account, both are to some extent subordinate to Anglo-Afghan diplomatic considerations and, finally, everything is directed towards the one dominant aim—the safety and welfare of the settled districts, not only in the North-West Frontier Province, but throughout India.

I. THE CONDITIONS OF THE PROBLEM

EVEN those familiar with the North-West frontier and its conditions might find it difficult to reply immediately to the query "What do you mean when you speak of the frontier?" Most people use the word inaccurately to denote the Frontier Province, but a frontier officer would no doubt reply that when he spoke of the frontier he meant

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the whole tract of country which runs south from the Hindu Kush mountains in the north to the northern border of Baluchistan in the south, and is bordered on the west by Afghanistan, and on the east by the Indus. From the Hindu Kush, a great belt of mountainous country, over four hundred miles long, a wild tangle of inaccessible heights, remote glens, and bare plateaux, known as the Suleiman mountains, runs almost due south and cuts off Afghanistan from the narrow strip of plain land west of the Indus which is divided into the four regularly administered districts of Peshawar, Kohat, Bannu, and Dera Ismail Khan. The fifth district of the Frontier Province, Hazara, lies east of the Indus, and ethnically and geographically belongs partly to the northern Punjab, and partly to Kashmir. The area of the five districts is 13,418 square miles, that of the mountain belt roughly 25,000 square miles. This latter area is known officially as Independent Territory. It is true that we had made roads through these hills, up the main approaches to Afghanistan—the Khyber, the Kurram, the Tochi, and the Gomal—but, with the partial exception of the Kurram, where our administration of the tribes, run by us on tribal lines, has met with great success, the King's writ did not run beyond the immediate limits of our roads.

Thus, in the generic term "frontier" are comprised two frontiers in the generally accepted sense of that word, the frontier between the five districts and Independent Territory, and the frontier between the latter and Afghanistan. Strangely enough, the frontier between Afghanistan and Independent Territory—the Durand line—has been accurately delimited, whilst the administrative border of British India is everywhere indeterminate. It is not possible to ride along it and say "Now I am in British India" and "Now I am in Independent Territory." There is no sharply defined natural division between the two tracts. The constabulary or political officer riding to his border outpost passes from the level plain across broken

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ground, up stony ramps and between cliffs of mud or conglomerate until he reaches a spot where his pickets show him that he is definitely in tribal country. And this geographical continuity of district and tract is matched by the social and tribal continuity of the people who live on both sides of this first border line, which is actually straddled by a number of important tribes like the Utmanzais, Mohmands, Wazirs and Bhattanis. Nobody with any experience of frontier conditions would ever dream of trying to separate the districts from the tribal tracts for purposes of administration, and since the early days of our presence on the frontier this inseparability of districts and tracts has been a fixed rule of our policy. The administrative frontier, in fact, is an arbitrary line drawn through the limits of a more or less homogeneous population.

Similarly, the different tribes of Independent Territory itself are linked to each other from end to end. Active operations against any one of them produce a reflex throughout the whole trans-border, which, as we saw no longer ago than 1919, took fire from Chitral to Waziristan during the third Afghan war.

. . . Mahsud links up with Wazir ; Wazir with Zaimusht ; Zaimusht with Orakzai ; Orakzai with Afridi ; Afridi with Mohmand ; Mohmand with the tribes of Bajaur ; Bajaur with Dir ; Dir with Swat ; Swat with Buner ; Buner with the Indus Valley, and the Indus Valley with the Black Mountain.

The population of Independent Territory is estimated at about 2,800,000, of whom at least half are males, and about 600,000 of these are regarded as adults and fighting men. The martial quality of these tribesmen varies considerably over different parts of the tribal area, as also does the amount and quality of their armament. But it is safe to say that their arms have increased tenfold during the last twenty years, whilst there is no comparison between the general quality of the present armament of the tribes and its quality a generation ago. In 1920 there were believed to be 140,000 rifles of a modern type in tribal

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country, and this number has now, no doubt, been increased. None of their owners are to be despised as soldiers in their own hills, and no troops in the world can fight Mahsuds at home on anything like even terms. And when it is considered that the Mahsuds can arm effectively about 12,000 men out of a total of 16,000, whilst the Wazirs can similarly arm 10,000 out of a total of 23,000 fighting men, the difficulty of the military problem presented by Waziristan alone can be clearly appreciated.

It is possible to distinguish two different parts of the trans-border which present two somewhat dissimilar sets of conditions. One part is the territory which stretches from north of the Kabul River to Waziristan, whilst the second is Waziristan itself. The relations between the Indian Government and the tribes inhabiting the first of the above divisions have been satisfactory on the whole. North of the Kabul River are great chiefs like the Mehtar of Chitral, the Nawab of Dir, and the Mian Gul of Swat. These may fight among themselves, but they all desire friendly relations with us. Trade between this section of the trans-border and India is active and the Swat River canal finds employment for many hardy spirits who would otherwise make a living by committing crime inside British India. South of the lands of these great chiefs are the Mohmands, Afridis and Orakzais, all of whom have far too many connections with us to fight save on any but the most serious grounds. Waziristan, however, presents a very different face. Its people are bloodthirsty savages, fanatical and intractable to a degree, and have come less under our influence than any other of the great trans-border tribes. We have conducted seventeen active operations against them since 1852, and four since 1911, the latest of which have provided the most desperate and costly fighting in all the history of the North-West frontier. Also, as one goes from north to south of Independent Territory, one finds that the constitution of tribal society grows steadily more democratic until it reaches the chaotic

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licence of Mahsud country where every man is a law to himself, and a well-aimed bullet is better than any consideration of right or justice.

It will be readily understood that the mere existence of such neighbours as these constitutes an ever present menace to the richer and softer districts which lie below the bare, unfruitful hills, and the grim tale of raids during the years 1919 to 1922 shows to what a state this outlying portion of our Empire can be reduced, when unrest is general throughout the trans-border and the feeling is abroad that the right hand of the Sirkar is losing its old strength and the will of the Sirkar its old resolution. During those years no fewer than 1,196 raids were made into British districts, scores of British subjects were kidnapped, and property worth many thousands of pounds was taken. So the problem of security from external aggression is the problem of all problems for the Frontier Province and, while conditions along the border remain as they are at present, every other interest must bow to this, even the gravest considerations of constitutional and administrative importance. And here again is seen the importance of Afghanistan to the Frontier Province. Our tribesmen have historic connections with Afghanistan and, in some places, close social and other relations with her people, and our dealings with her are one of the deciding factors of conditions along the North-West frontier. The hostility of Afghanistan produces an immediate reflex among all the border tribes, as we saw in 1919, whilst friendly relations with her ensure that our tribesmen are left to their own devices and their own resources if they provoke our retaliation. Since the signing of the Anglo-Afghan peace treaty in November 1921, there has been a great and steady improvement in the security of the inhabitants of the Frontier Province. In fact, Afghanistan is a focus of our political weather on the Indian frontier, and according to conditions prevailing there we look for calm or storm in our quarter.

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Lastly, in studying the conditions of the frontier problem we must not leave out of consideration the rest of the great country of which the frontier is the shield. Public opinion in India has of late years included frontier affairs, especially the administration of the Frontier Province, within its purview, and frontier policy is being subjected to ever closer scrutiny. At present that scrutiny is not directed by knowledge. Demands have been made for sweeping changes in both policy and administration, and as government action must inevitably be influenced more and more by the popular will, the need for educating the public in the realities of the frontier problem is increasingly urgent. There is no fear that the Indian Government will ever be stampeded into an unwise or dangerous frontier policy on account of public clamour, for the results of such a policy would be calamitous. But it is at all costs necessary to ensure that the steps which are being taken to work out the frontier problem shall not be taken against constant opposition, and that they shall not be the cause of estrangement between Government and people. For, as we shall see, the Indian Government has embarked upon a wise and constructive frontier policy. But it is a policy which cannot be cheaply followed or yield its full fruit all at once.

These, then, are the main conditions of the frontier problem, which is primarily to guarantee to our people of the Frontier Province that full security of life and property which is the birth-right of every British subject, and to keep our Indian dominion safe against the age-old danger from the North-West. And the solution of the problem involves ultimately, not the crushing or subjection of the independent tribes of the mountain tracts, but their inclusion within our civilisation. Nor does it mean the absorption or destruction of Afghanistan, but consideration of her true welfare and the achievement of a lasting peace with her.

Frontier Policy

II. FRONTIER POLICY

A VERY hasty sketch of the course of our frontier policy in the past will help the reader to understand the present situation. When we took over from the Sikhs the country which is now the North-West Frontier Province, we had no frontier policy and no idea of entering into any relations with the independent tribes other than their chastisement when they violated the *Pax Britannica*. Such political arrangements as there were were left in the hands of Deputy Commissioners of districts, and the Punjab administration was all-powerful in border affairs. Dalhousie once contemplated the formation of a frontier province, but the murder of Colonel Mackeson, to whom he had meant to entrust it, caused the scheme to be shelved, and the Lawrence policy of rigid non-intervention forbade too close an interest to be taken in frontier affairs or policy. Lord Lytton's proposal to form a frontier province, with Lord (then General) Roberts as Chief Commissioner, might have led to the anticipation of the Curzon policy by twenty years, but, unfortunately, the second Afghan war caused its abandonment and reversion to the close border policy, the broad outlines of which were that we should halt at the foot of the Suleiman mountains, preserve our friendship with Afghanistan, respect the independence of the trans-border tribes, sedulously avoid any entanglements or commitments in their territory and keep our own frontier troops ready to intervene decisively in Afghanistan or the trans-border when the paramount interests of India dictated. That this policy served us well for many years, and particularly during the Mutiny, cannot be denied, but it was a passive, not a constructive policy. The opposite school of frontier politicians, the advocates of the forward policy, chafed at this lack of enterprise and advocated the occupation and administration of tribal country up to the Afghan

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border or even beyond it. Both schools of thought used the Russian menace as their chief argument, the close border advocates maintaining that it was better to meet the Russians at the gates of British India when their lines of communication would be dangerously long and exposed to incessant attacks of the independent tribes, and when they would, presumably, be exhausted by constant fighting. The forward school, on the other hand, maintained that it would be suicidal to allow the Russians to approach so close to our border, and also that there was no saying how the tribes would behave. If they threw in their lot with the Russians our plight would be sorry indeed.

But whilst much argument was proceeding from both sides a hitherto undistinguished frontier officer developed a frontier policy of his own which was destined to influence deeply all further thought on the frontier problem. The officer was Captain, afterwards Sir Robert Sandeman and his policy was the now famous policy of intervention and conciliation in tribal affairs, which with necessary adjustments was the model for Lord Curzon's notable attempt to solve the North-West frontier problem. In Sandeman's time the rigid application of the close border policy led to many hardships, for the border was closed only on our side. Trans-border men could come and go as they pleased, but even our pursuit parties, whether soldiers or villagers, in hot chase of raiding gangs had to stop when they reached the border. In the 'sixties, when Sandeman was Deputy Commissioner of Dera Ghazi Khan district, conditions were particularly bad along the Baluch frontier. Our subjects were being harried by trans-bordermen, whilst in some cases one-half of a tribe, whose other half was in British territory, was being harried by its enemies across the border and the cis-border half of the tribe had to look on powerless to help. Sandeman decided to act on his own initiative. He therefore boldly crossed the border with an escort of Baluch chiefs and entered into personal relations with the tribesmen, who were then regarded as being quite as turbulent

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and dangerous as the Mahsuds are now. The effects of his daring action were almost instantaneous, and after his day the peace of that part of the border was never seriously disturbed until 1918, when, for a short time, the revolting Marri and Khetran Baluch tribes threatened Dera Ghazi Khan. It is a commonplace of history now how he subsequently pacified Baluchistan, and how his settlement with the hitherto dreaded Marri and Bugti tribes stood the test of the second Afghan war almost without incident. So, since Sandeman's day, the pacification of Baluchistan has been the ideal of frontier administrators, and discussion about extending the Baluchistan system to the North-West frontier has replaced the old close border and forward policy controversy. For, after the second Afghan war, it became gradually recognised that the rigid close border policy had had its day. The Russian approach through Turkestan to the borders of Afghanistan, and the serious Penjdeh incident of 1885, which brought us to the verge of war with Russia, drove home the truth that frontier policy was no longer a thing for academic discussion but a matter of vital Imperial importance. By now also it began to be seen that to erect a Chinese wall of indifference between ourselves and the tribes, and to keep entirely aloof from Afghan affairs, was to lay the seeds of future danger. So in 1878 the Khyber Agency was started with a special officer whose duty it was to keep the pass open, and at different times in later years political agencies were opened for other parts of the trans-frontier, each in charge of an officer acting as liaison officer between the tribes in his portion of the trans-border and our administration. In 1893 also, when the Durand line was defined, we definitely stated our claims and responsibilities with regard to the frontier tribes.

The result of all this stir of act and opinion was Lord Curzon's famous frontier policy. By his time it had become generally accepted that the Sandeman system could not be applied in its entirety to the North-West frontier, where the tribes were said to be too democratic

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and too intractable. What had succeeded with the feudal Baluch was inapplicable to the masterless Pathan. Into the truth of this view there is no need to inquire here. It is enough to say that weighty authorities have held, and still hold, that the North-West trans-border could be "Sandemanised" and, as we shall see, our present policy is in many important respects indistinguishable from Sandeman's system. One of Sandeman's most trusted lieutenants, Mr. Bruce, when Commissioner of the Derajat in the early 'nineties, had made a notable attempt to apply his master's principles to the pacification of the Mahsuds and Wazirs, and he succeeded for a time in opening the Gomal Pass, much as Sandeman had opened the Bolan. This arrangement broke down, partly because the Gomal was the least promising area on the whole frontier for such an experiment, partly because, as the great upheaval of 1897 showed, the hour had come for the adoption of a policy for the whole frontier as opposed to policies for particular areas only. What was that policy to be? Lord Curzon answered the question by adopting a modification of the Sandeman system. The historian of Lord Curzon's rule in India says "The essence of his (frontier) policy which he avowedly borrowed from Baluchistan was to make the tribesmen themselves responsible for the maintenance of order," whilst Lord Curzon himself, speaking on Indian frontier policy in the House of Lords in February, 1898, said that he adhered to the methods of Sandeman, "a policy of mingled courage and conciliation and, above all, a policy of confidence and moving about and acquiring the friendship of the tribe." Working on these lines he evolved a policy which has been not unfairly described as a mixture of the Sandeman and the close border policies. The tribesmen were paid to protect their own country and our border, and regular troops were withdrawn from advanced positions and replaced by tribal militias. But there was no occupation of tribal country, and no attempt at any administration, however loose, up to the Durand line. Thus the North-

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West frontier was not "Sandemanised" by Lord Curzon. The new system was on the whole justified by its results until the débâcle of 1919. Only one or two minor active operations had to be undertaken between 1901 and 1914, when unrest due to the European war led to hostilities with Mohmands and Mahsuds.

Thus from the beginning of our rule on the frontier down to 1919, when all our frontier policy went into the melting-pot, there was a steady growth of interest in frontier policy; accompanied by a natural, irresistible movement towards closer and more intimate relations with the trans-border tribes.

III. THE PRESENT SITUATION

THE events of the year 1919 were like a torrent sweeping away all our old arrangements and landmarks. The Afghan war of that year and the emergence of a new Afghanistan radically altered the international aspect of the frontier problem. The great flow of arms and munitions into the trans-border hills, the extensive military training of tribesmen in regular militia and constabulary units, and post-war changes in the Indian Army, have deeply affected the military problem, whilst the campaign of 1919-1920 in Waziristan has led to a re-examination and reconstruction of the political problem of our relations with the tribes, particularly those of Waziristan. Lastly, 1919 witnessed the introduction of the new constitution for India, which must, in the long run, profoundly affect the frontier problem, and has already borne fruit in the appointment of the Frontier Enquiry Committee of 1922.

The murder of Amir Habibullah in February, 1919, was followed by the unprovoked attack on the Khyber at the beginning of May. The new Amir, Amanullah, found himself in the usual difficult position of monarchs who succeed to a throne as he did. Urged by the desire to solve his

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domestic troubles by pursuing a career of foreign conquest, and encouraged by the Punjab disturbances which started in April and led him to believe that India was ripe for revolt against the British, he flung his country into war with us. Bolshevist intrigue also lent its weight to the other considerations, and for a time the young Amir was dazzled by dreams of a greater Afghanistan with a port at Karachi. His plan was to raise the border tribes and send them sweeping down into the Punjab, there to join hands with the Mahomedans, and even, as he thought, with the Hindus of northern India. The Afghan regular army coming behind would, according to this plan, complete the utter downfall of the British.

The failure of this mad enterprise is now a matter of history. Afghan money was spent freely in the trans-border and in Peshawar, where the Amir's chief agent was the Afghan postmaster, but the tribes sat obstinately on the fence during the critical days of May, and the Punjabis showed no desire to throw in their lot with Afghanistan. The Afghan regular army was, of course, speedily defeated and the war ended on August 8. The final treaty of peace was concluded on November 22, 1921. The boundary between India and Afghanistan as accepted by Amir Habibullah remained, but was to be finally demarcated by a British commission, as one part of it, from the Peiwar Kotal to the region of Bajaur, had been left undemarcated in 1893. The Amir's annual subsidy was abolished, but no clause in the treaty deals with the conduct of the external affairs of Afghanistan, our control over which had rested on an "understanding" and had never been formally embodied in a treaty. There was to be a British minister in Kabul and an Afghan minister in London, British consulates at Kandahar and Jalalabad, and Afghan consuls in Calcutta, Karachi, and Bombay. There were provisions regarding the passage duty free through India of materials of all kinds for Afghanistan, and Afghan trade agents were allowed at Peshawar, Parachinar and Quetta. The

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treaty, in short, recognised the full sovereign rights of the Amir.

Formerly Afghanistan was regarded as the buffer between the armed might of Russia and of India. Her importance in this respect has, perhaps, diminished, but she remains the buffer between the destructive ideas and propaganda of Soviet Russia, and India and her trans-border. Since 1918 the Bolshevists have made persistent efforts to establish propaganda bases in Afghanistan, and at the beginning of his reign Amanullah was inclined to coquet with them. In 1921 a Russo-Afghan treaty was signed which provided for Russian "consulates" in Kandahar, Ghazni and Jalalabad. These would, of course, have been used as propaganda centres and the danger to India and the trans-border from such "consulates" at their very gates is obvious enough. However, the success of our operations against the Mahsuds, combined with the rising tide of Mahomedan indignation against the treatment of Bokhara and other Mahomedan principalities by the Bolshevists, led to estrangement between the latter and the Afghan Government, and the "consulates" were never established. A new Afghanistan is growing up. Her treaties with England, Russia, and the national Government of Angora buttress her in her foreign relations and leave her free to follow a policy of internal development. Her whole administrative structure is being overhauled, schools are being established and Afghan students are found in most of the great centres of learning in the West and in America. Advantage is being taken of the establishment of missions or legations at Teheran, Angora, Moscow, Berlin, Rome, Paris and London to send trade agents to these places to examine the possibilities of developing Afghan trade. In Kabul are to be found American and European experts of all the great nations save England and Russia, who are guiding the first steps of the Afghans in various branches of technical and commercial activity. At present the Government of Afghanistan desires nothing

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better than peace with England and Russia and freedom to develop such resources as she possesses. To us the advantages of a peaceful, enlightened Afghanistan would be enormous, for then the savage tribes of our border would be subjected to civilising influences from both sides. But, of course, Afghanistan cannot advance from semi-barbarism to civilisation in five years. There are many powerful forces in the country which may yet plunge her into reaction and anarchy, and the new ideas can hardly be said to have touched the outlying parts of the country. At present we can only hope that her progress will be uninterrupted and her friendship with us permanent.

The unrest which the Afghan war caused among the trans-border tribes, particularly after our withdrawal from the upper Tochi and Gomal posts, when Mahsud and Wazir aggressions led to bitter and extensive hostilities in Waziristan, raised once more the question of our policy towards the tribes, this time in a form which would not allow it to be shirked or postponed. The financial burden of frontier defence was crushing, and Indian political circles demanded relief. Again, the steady drain of arms into tribal country and the continually increasing difficulty of defending our own subjects made the evolution of some constructive frontier policy both vital and immediate. The policy propounded and put into force in Waziristan in late years is worthy of a great and enlightened Power. In 1893 when we laid down the Durand line, we accepted responsibility, for good or ill, for the tribes between that line and our administrative border. Our present policy in Waziristan is a definite shouldering of that responsibility. At last we see clearly that a rigid close border policy is a policy of pure negation. To say, as some say, that we should leave the tribesmen to stew in their own juice is sheer folly. We should merely be leaving them free to prepare untold trouble for us in the future. Their country is within the borders of India, which includes British India, and just as there cannot be a nation half slave and half free, so India

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cannot be partly civilised and partly barbarous. We have entered, then, on the great task of civilising Waziristan. Parts of it we have occupied for thirty years, for, shortly after the conclusion of the Durand agreement, we drove roads up the Tochi and Gomal and occupied as far forward as Datta Khel in the north, and Wana in the south, either by regulars or irregulars. But this partial occupation left the crux of the problem untouched, for the crux is not the Wazirs, whom this occupation directly affected, but the Mahsuds who live in the strategic centre of Waziristan, separated from the British districts by the Bhitannis and from Afghanistan by the Wazirs. So, when we were forced to go into the heart of Mahsud country during the operations of 1919-20, we determined to end the Mahsud scourge by controlling their country permanently. But control does not mean military occupation. What we aim at is internal control partly by scouts—a kind of militia—and *khassadars*, who are tribal levies finding their own weapons, and partly by domination of Mahsud country from two posts on its edge but outside it, held in force and linked by a connecting road. These are Jandola in the south and Razmak, a lofty plateau which dominates northern Mahsud country, in the north. In pursuance of this plan, all regulars were withdrawn from Mahsud country when the road was completed, and its protection was entrusted to the Mahsuds themselves through locally selected *khassadars* representing the various sections of the tribe, reinforced by irregulars at Sararogha and Kotkai. The Mahsuds are thus in a loose grip which can tighten very quickly, and the knowledge of this is bound to have a steadying effect.

But—and here is its most important side—the new policy is positive and constructive. Its pith and marrow is the *khassadar*, who was also the heart of the Sandeman system and Sandeman's chief agent of civilisation. For the *khassadars* give the tribe a stake in our administration, and through them we can follow out our policy of controlling

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the tribes as far as possible by themselves, and of keeping alive the sense of tribal responsibility. But tribal levies cannot be left in the air. They must be backed, and the most economical form of backing is by irregulars. But irregulars again must be within reach of regular help, and hence the necessity for roads suitable for mechanical transport, linking up a minimum number of irregular posts with military posts in the rear. These roads are thus an alternative to military occupation and are much cheaper. They are also civilisation carriers. Complementary to our arrangements in tribal country, our policy includes a cis-border road about 100 miles long providing a lateral communication for the defence of Dera Ismail Khan district. Our policy in Waziristan is, therefore, the control of Waziristan through a road system of which about 140 miles lie in Waziristan itself, and 100 miles lie along the Derajat border, and the maintenance of some 4,600 *khassadars* and 5,000 irregulars.

It will be seen how very different this is from the old forward policy which contemplated military conquest and occupation of tribal country. The present Foreign Secretary to the Government of India has called this present policy "a forward policy in the true sense of the word, for it is a policy of progress." At all costs civilisation must be made to penetrate these mountains and drive out the ignorance and fanaticism which are bred of inaccessibility, to which also is due that economic stringency which is the motive force of most of the tribal attacks on our people. In the north, the Khyber railway, another civilisation carrier, from Jamrud to the head of the pass, will be opened on October 30, and this again will powerfully affect the life, not only of our own tribesmen, but of the Afghans too.

But it must not be supposed that the full fruits of this wise policy will be gathered immediately or within the next few years. There will be set-backs and much hard fighting to be done before the *Pax Britannica* is established

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in the Pathan trans-border as it is among their brethren of the cis-border. There are many obstacles in the way. All the forces of reaction and fanaticism are bitterly opposed to a policy of enlightenment and civilisation, and the menace of Bolshevism hangs still over the frontier and India. It is, perhaps, the most disturbing factor in our frontier problem to-day. But our frontier policy should surely appeal to all that is best in both India and England, and if we persist in it we shall succeed as Russia succeeded in trans-Caucasia.

Lastly, the problem of the future of the five districts. It is not proposed to deal in detail with this, for it requires a long article to itself. It has been shown how the population of the districts cannot be dissociated from those of the tracts. The policy to be followed with regard to the districts must, therefore, pay attention to the wider question of frontier policy as a whole. This is what Indian critics of frontier policy forget when they discuss it in the remote safety of Delhi. Of recent years the old agitation for the reamalgamation of the Frontier Province with the Punjab has been revived. A commission sat to examine this and allied questions in 1922, and the majority report well deserves study as an authoritative, impartial and thoroughly convincing proof of the fact that the North-West Frontier Province among other Indian provinces is *sui generis*. The fate of its people, who are practically entirely Mahomedan, and largely Pathan, is inseparably connected with that of their trans-border neighbours and kinsmen. The reformed constitution must of necessity remain to some extent a thing of indifference to the frontier resident, for his home is in a military area, and for years to come military and frontier political considerations must be paramount. The Mahomedans of the Frontier Province—*i.e.*, 95 per cent. of the population—are against amalgamation with the Punjab almost to a man, and care little about the introduction of a reformed constitution. What they want are security and peace, and

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to that end our frontier policy is directed. There will be no amalgamation with the Punjab, and it is doubtful whether the Indian Government will sanction a Legislative Council for the Frontier Province in the very near future.

At present the border is quiet and our relations with Afghanistan are good. But things move very rapidly here, and no one can say what a day may bring forth. So much depends, for example, on the personality of the ruler of Afghanistan, and on the trend of affairs in India. Our course, however, is plain—namely, peace with Afghanistan, and her co-operation in stemming the tide of Bolshevism; persistence in our present policy of pacifying the trans-border by civilising it, the strengthening and keeping up to a high level of our administration in the settled districts, and the maintenance of the Indian Army on a scale commensurate with its vast and responsible charge on the border. Diplomatic, political, military, and administrative considerations and problems are, as will be clear from what is said above, inextricably bound together on the North-West frontier. But the Indian Army is, and for years to come must be, the most important factor in our frontier problem.

LABOUR AND THE EMPIRE

The following account of the first Labour "Imperial Conference" is by a member of the British Labour party who attended the proceedings.—EDITOR.

I. THE CONFERENCE AND ITS COMPOSITION

THE first Conference of the Labour parties and trade unions of the British Commonwealth was held at the House of Commons from July 27 to August 1, 1925. Efforts have been made for many years to hold such a conference; but it has not hitherto proved possible, partly because of the expense and partly because the sections of the Labour movement in the different parts of the British Commonwealth were too much engaged in immediate difficulties in their own countries. Recent experience, however, especially during and since the War, has compelled the leaders of the movement in all parts of the British Commonwealth to recognise the urgency of some of those problems which are usually classed as Imperial. Service in the armies beyond the seas has left in the Dominions an impression of the danger of future commitments; the closer contact of diverse races in certain parts of the British Commonwealth has compelled the joint discussion of differences in the standard of life; and the holding of office by certain Labour parties has made the leaders of the whole Labour movement feel a new sense of responsibility. So at last a conference

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has been held; and the report of its discussions is published.*

Both sides of the Labour movement were represented at the Conference, the political and the industrial; and the characteristic differences of outlook between these two sides were very obvious in the discussions. Labour parties must, in the nature of things, aim at support by a majority, whether the members of that majority "belong" to the Labour parties or not. Trade unions on the other hand are, in the nature of things, specialist organisations aiming at rights within a restricted sphere for a permanent but restricted group of workers. The Labour parties of the British Commonwealth, therefore, naturally tend to emphasise the problems of governmental relationship between the parts of the Commonwealth; and the trade unions are more obviously concerned with the contrast between the standards of life of workers in the European and the non-European races.

All the chief countries or nations of the Commonwealth were represented in the Conference, except New Zealand, for a political crisis there prevented the arrival of delegates from that Dominion. An appendix to the Report, however, gives the views of New Zealand Labour on some of the questions discussed. The Conference was small, only seventeen representatives being present to speak for all the parts of the Commonwealth outside Great Britain; and naturally the place of meeting gave an advantage to the Trade Union Congress and Labour party of Great Britain, which had about twenty representatives. The "Amsterdam" International, as well as the "L.S.I." or so called "Second" International, sent fraternal delegates. The number of representatives, however, was unimportant so far as decisions on policy were concerned, as the voting, if it occurred, was by countries; and the only defect of the

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limited representation from "overseas" was perhaps that varieties of view within the Labour organisations were not always clear. That—it must be acknowledged—is an inevitable limitation in any conference of persons from such distant parts of the world. To reach a true estimate of the value of the Conference, allowance must also be made for the peculiarities of the time at which it met. The Labour party of Great Britain had just had nine months of office; and some of the representatives of that party spoke as persons whose policy was, at any rate by implication, under discussion. Again, just at the moment when the Conference was sitting, an industrial conflict in regard to coal mines seemed to be likely; and the solution or postponement of the difficulties out of which that conflict might arise seemed to many speakers at the Conference, both from Great Britain and from outside, to be a new sign of the strength of organised labour. The general mood of the Conference was, therefore, one of confidence and, at the same time, carefulness.

II. THE PROBLEMS DISCUSSED

(a) *Inter-Commonwealth Questions*

The problems discussed by the Conference may be classified under three headings: Inter-Commonwealth problems, international or "world" politics, and the special difficulties of certain parts of the Commonwealth. After a very brief and very general introductory speech by Mr. Ramsay MacDonald, the representative of the Irish Labour party and Trade Union Congress, Mr. Johnson, immediately put "the fat in the fire" by a statement of the problem of war in regard to the parts of the Commonwealth. Two very interestingly different points of view appeared in the discussion. Mr. Johnson said that if Great Britain went to war and Ireland did not "feel bound to participate," they would "openly declare neutrality"—that in fact in the British Commonwealth there was

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"not necessarily unity in regard to foreign affairs." But as to the problem of the method by which responsibility was to be shared "he had no solution to suggest." That is one point of view. Real autonomy must somehow be expressed in relation to foreign policy. On the other hand, Mr. Sampson, of South Africa, expressed the point of view more generally accepted in the Conference—that such problems cannot be solved by definition and delimitation of powers. The status of any unit in the Commonwealth, from this point of view, is the result of gradual development in regard to its international relations outside the Commonwealth. The conclusion to be used in practical policy was that Labour should concentrate its attention upon other and more urgent problems; but at the end of the Conference a resolution was passed asking the various Labour organisations to consider before the next Conference the methods by which a unified foreign policy could be reconciled with autonomy for the Dominions. The problem of Dominion rights in foreign policy was not further discussed, partly, no doubt, because there was no clear issue, but partly because the special claims of India cut across the more general problem.

India, her representatives urged, had not even reached the preliminary status of self-government. The Conference, therefore, listened sympathetically to impassioned political rhetoric as to the right to self-government, which no one in the Conference was in the least likely to deny. A resolution was afterwards passed which reads as follows:

The delegates at this Conference, having heard the views of the Indian delegates, recommend their constituent bodies to support the demand of India for the immediate grant of self-government.

The more crucial issue for the Labour movement, however, was the position of Indian Labour in the British Commonwealth outside India. This was raised by the Indian delegates with special reference to the position in South Africa; and here two absolutely opposite attitudes

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became apparent. The general features of the situation, especially in Natal, were described in the Conference both by the Indian and by the South African delegates; but the situation is already known to readers of *THE ROUND TABLE*. Our attention here must be restricted to the effect of that situation upon the different Labour organisations concerned. The delegates of the rest of the Commonwealth "held the ring" while the contest was fought by the protagonists; but all were well aware that the larger problem of diverse standards of life lay behind.

The South African delegates said that the economic problem was fundamental, that white labour could not compete with Indian labour because Indians accepted a lower standard of life. Labour organisation must aim at raising or, at any rate, not lowering the worker's standard of life. A similar difficulty was noted in regard to British Columbia by one of the Canadian delegates. The Indian delegates, on the other hand, said that this "economic" argument did not justify refusal of the vote and other political rights; and besides there was racial hostility behind the attitude even of Labour groups in certain Dominions. It was quite obvious to the Conference as a whole that the two views were irreconcilable. The Indian delegates pressed the Conference to pass resolutions which would in fact have divided the Labour movement from top to bottom; but the practical effect of what they desired, even in regard to the Indian workers in South Africa, did not seem to be given much consideration by the representatives of India. The Conference, however, remained conscious of immediate practical policy and in the end decided to suggest to the Labour parties and trade unions in South Africa and to the All India Trade Union Congress that these two groups should themselves arrange a special conference between representatives of Labour in India and South Africa. It was well understood that such a conference might not lead to any agreement, and therefore a sort of promise was given that, if no agree-

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ment had been reached by the parties immediately concerned, the issues would be discussed at the next Labour Conference of the British Commonwealth. The conflict of interests and opinions, which had thus been postponed, had a very obvious effect upon the members of the British Labour party and Trade Union Congress and the representatives of other groups in the Conference. Such divisions are often taken for a sign of weakness; they may prove to be just the reverse. It is precisely difficulties of this kind that bring out a leader's skill and give him breadth of view. A definite issue which appears at first sight insoluble is just such an issue as may bring out the excellence of democratic methods, and the British Labour movement has in fact proved its ability in similar circumstances. The greatest value of the Conference may prove to be the opportunity it gives for solving problems of conflicting interests.

Under the same general heading of Inter-Commonwealth problems the Conference dealt with trade and commerce. This is the familiar ground for the old controversy concerning Free Trade and Protection; and the British Labour is much exercised as to its future attitude towards such policies. It is perhaps sufficiently well known that the leaders and thinkers of the British Labour organisations, both political and industrial, are trying to work out a new policy which shall avoid the evils of Protection without accepting those of the existing system of "Free" Trade. The British sections had circulated to the other sections of Labour represented at the Conference a memorandum on the food supplies of Great Britain with the suggestion of a policy on the lines of centralised purchase of wheat and meat; but the time at the disposal of the Conference did not allow of any discussion of the problem.

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(b) International Issues

On international, as contrasted with inter-Commonwealth, issues the chief discussions concerned the Geneva Protocol, the International Labour Organisation of the League of Nations and migration. The Protocol discussion, after Mr. Arthur Henderson's explanation of that document, reduced itself to a series of questions from representatives of Labour outside Great Britain, seeking explanations of certain aspects of the foreign policy of the British Labour Government of 1924. There were the usual vague questions as to the power of the League over the British navy and other such questions indicating an ignorance of the text as well as of the implied principles of the Protocol; and the representatives of Canada frankly confessed that very little was understood in the Dominions about these issues. It was from Canada too that there came the small, but not still, voice of Communism, expressing the idea that Labour organisations should not trouble about foreign politics at all, as this was to try "to solve their masters' problems." The working classes, in this speaker's view, were to concentrate upon housing and food for the workers in all lands and, as the speaker said, this might involve war with such persons as Mussolini. Others in the Conference were amused at so strange an avoidance of foreign policy!

The International Labour Organisation of the League of Nations proved to be of much more interest to the Conference than the other sections of the League. A very definite problem was raised in regard to the ratification of the convention on anthrax. In this case the different parts of the British Commonwealth were opposed, for India and Australia had failed to agree with Great Britain. Indeed, the disagreement between parts of the Commonwealth was greater than that between ourselves and foreign

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nations. Strangely the representatives of Indian Labour at this Conference said that the British Government should pay for the cost of disinfection of wool in India as the problem was more serious for British than for Indian workers. The representative of Australia said that the British delegates at Geneva had tried to confront the Australians with a settled plan ; and that was not the right way to treat Australia. The issue, of course, is complicated and cannot be discussed here ; but the interest for us is that the Conference was alive to issues which the parties it represented would have to fight out. The most important point, however, which was raised was the quite general proposal on another issue that in the International Labour Conferences at Geneva there should be representatives of Labour in " native " territories or Crown Colonies.

With regard to the work of the International Labour Organisation, suspicion was expressed that the Labour movement might be side-tracked into hoping to attain its ends in that system in which, it was pointed out, there were pseudo-labour groups such as that from the Fascisti. Clearly the ends of Labour could be attained only through its own separate international organisations, even if co-operation was useful in some matters.

Migration, although an international question, was discussed mainly in reference to the position of British emigrants in Canada and Australia. The Labour organisations in Great Britain are known to be suspicious of any governmental assistance to emigrants ; and although the leaders of the movement may be less suspicious, perhaps the rank and file remember the days of transportation and infer sinister motives when they hear that employers in the Dominions would welcome immigrants. The trade unions of Canada and Australia certainly do not welcome immigrants even from Great Britain. A Canadian delegate described the destitution among the coal miners of Nova Scotia and the unemployment in some Canadian cities. He said that emigration propaganda was often made on

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" false pretences." The general effect of his speech was deterrent ; but Mr. James Stewart, M.P., of the " Clyde " group of Labour members, attacked Dominion Labour directly for implying that " there was no room in their countries for emigrants from this country." It is felt in Great Britain that Labour in the Dominions expresses very noble sympathies for poverty here, but does absolutely nothing to help. The reply given, both in the name of Australia and in that of Canada, was that precisely because Labour in the Dominions knew the bad conditions of Whitechapel and our coal-mining districts they did not want those conditions to spread to Australia and Canada. The trouble in Canada, as the delegate from Manitoba said, was that industrial and financial groups there were so strong as to exploit the working classes and the farmers for their profit : an increase of workers would simply give these groups more victims. A delegate from the Labour party of Northern Ireland then suggested that a Labour commission should be set up to examine the whole problem of migration ; and this was accepted. It is clear that the findings of an official commission would not be trusted by the rank and file of the Labour movement in the Dominions and still less by that of Great Britain ; and perhaps it would be well for " the powers that be " to recognise that the old attitude—" I know and you don't," will not do, if we are to have any successful policy of migration. Nor is it useful to catch " tame " Labour leaders. The mood of the Conference was not complacent.

(c) Some Special Difficulties

Specific difficulties of certain parts of the British Commonwealth, or in countries under its control, were discussed first in regard to Palestine. There were three delegates from the Palestine Jewish Labour Federation, but no representative of any Arab

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organisation. Some delegates, however, put forward the difficulties of principle which seemed to be involved in the claims made by the Jews in Palestine. Secondly, the situation in British Guiana was explained by a negro delegate from that colony; and a demand was expressed for industrial legislation and social insurance there. The delegate reported a case of Canadians being used to break a strike of black workers. There were hints in the course of the various discussions which showed that Labour in the industrialised parts of the British Commonwealth was well aware of the new issue, the industrialisation of the tropics and sub-tropical regions. The power of capital-owners who can escape from trade unionism by investing where primitive labour can be used is becoming very plain to the eyes of the Labour movement. The advantage of British rule which may thus accrue to capital-owners does not increase admiration for the Empire among trade unionists; and this issue appeared above the horizon in the Conference.

III. THE NEW CONCEPTION

CLEARLY a new conception of the British Commonwealth was being formed. Many speakers referred to the "Empire," but generally with some apology for using that word. No one denied that the group of races and nations usually called the British Empire formed a real political unit. As Mr. Lansbury said:—

God or nature or cupidity or force has flung us together in some way . . . and either by accident or by design, we have become part of one another; and whether we like it or not we are related to one another.

There was no air of pride in the situation, but rather a grave sense of its responsibilities; Mr. Swales, for

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instance, the Chairman of the General Council of the Trade Union Congress, said:—

Economic imperialism uses the language of patriotism and even of religion to disguise its motives . . . but the reality is exploitation and oppression of weaker peoples and the intensification of commercial rivalries and antagonisms that lead to war.

This attitude was reflected in the Labour Press of Great Britain in its comments on the Conference; but of course suspicion and distrust are not the dominant tendencies in the Labour movement to-day. No important groups or persons in that movement desire the disappearance of the British Commonwealth. The Conference therefore decided on holding another similar Conference in London in the Summer of 1927, thus implying that Labour was determined to use for the progress of workers in all lands the best elements in the tradition and the experience of the British Commonwealth.

AMERICAN NOTES

I.

FIVE months ago Congress adjourned, to meet again early in December. Politically speaking, these five months have been uneventful. But their very uneventfulness has been an asset to the Administration. For Congress took a rest, and may have forgotten the bitterness of some of its early spring battles with the White House. Vice-President Dawes, who threatened to carry on a popular summer campaign against the obstructionist rules of the Senate, gave up his crusade for the New Jerusalem after throwing a burning spear or two. And Mr. Coolidge had leisure to draw up his program for the forthcoming session, and to discuss tactics with Republican leaders. Meanwhile his prestige has grown to amazing proportions. Frank Kent of the *Baltimore Sun*, no great admirer of the President, offers the following testimony after a three months' tour of the country: "About his hold on the people there is not the slightest doubt. His most ardent admirers under-estimate it. Literally, everybody is satisfied. Even the radical Press teems with praise."

A hundred years ago, in Monroe's administration, the country enjoyed what the historians have since called an "era of good feeling." There is another such era of good feeling to-day.

II.

THE President's program has been announced, and it contains four points: (1) *Tax Reduction*. A Bill will be introduced into the House of Representatives, sponsored by the Secretary of the Treasury, which provides for small reductions in the normal income tax and for large reductions in the surtax. Under this plan surtax rates would vary from 1 per cent. on \$12,000 up to 20 per cent. on \$150,000 or more, instead of the present schedule of 1 per cent. on \$10,000 up to 40 per cent. on \$500,000 or more. Tax revision is made possible by a prospective Treasury surplus for 1926 of \$300,000,000; and the Administration contends that large reductions in the higher branches would eventually, through greater general prosperity, inure to the benefit of the "little man." Last year this theory foundered when the Western *bloc* in the Senate combined with the Democrats against it; but now, following a period of intensive propaganda by the Press and the "interests," public opinion is better prepared. It is certain that taxes will be lowered, and that there will be a material cut in the surtax rate.

The writer has no personal interest in speculating on the probable percentages, nor can he imagine anything less interesting to the reader abroad. But if there should be some stray academician who cares for the figures and arguments, he will find them all excellently set forth in a special section of the *New Republic*, published on November 4.

(2) *Railroad Consolidation*.—In the early days public sentiment and the Government encouraged Capital to build railroads whenever and wherever Capital was prepared to take the risk. The regulation of rates was left to competition. The inevitable merger of competing lines took place, sometimes to the public advantage, more often

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to its injury, until the process was stopped by the Sherman Anti-Trust Act of 1890. Railroad rates became a subject for regulation by government, and, speaking broadly, government carried out a difficult task with even-handed justice to both railroads and public. But the situation itself was most unsatisfactory. Competition was being maintained by making consolidation unlawful, and the fruits of competition were being denied by the rate-making body.

A few years ago, Congress took steps by way of relief. The Esch-Cummins Act of 1920 allows one railroad to acquire control of another with the consent of the Interstate Commerce Commission, if the proposed merger is likely to improve the traffic, promote economy and serve the public interest. Under this Act the Commission is authorized to draw up a plan looking toward the ultimate consolidation of all the railroads of the country into a few regional systems, and when this plan has been approved, to determine what rates will be just to the shipper, and at the same time give to the carrier a fair return on capital invested.

The President believes so strongly in the wisdom and economy of the new *régime* that he will bend every effort, with the Commission to complete their plans, and with railroad owners to fall into line with them. The President's influence will be gentle but firm and constant. It will be brought directly to bear on the railroad magnates and on the Commission, without invoking the help of Congress.

(3) *Aid to Agricultural Cooperatives.*—It is expected that consolidated railway lines will be able to serve the shipper more economically than he is served at present, and thus increase the marketability of his product without reducing his profits. This advantage, however, must wait upon the outcome of negotiations between the Commerce Commission and the railroads. In the meantime, Mr. Coolidge promises his Western constituency that something will be done to facilitate the co-operative marketing

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of agricultural produce. No plan has yet been put forward, but the Department of Agriculture is busy with the problem, and proposals will undoubtedly be made to Congress.

(4) *Adhesion to the World Court.*—Pressure will be brought to bear on the Senate to join the World Court, but with two reservations—one making it clear that no obligations to the League are thereby involved, the other clarifying the nature of the Court's advisory opinions. The Administration has no real enthusiasm for the Court as such, but Mr. Coolidge is plainly disturbed because his party has not fulfilled the pledge under which he was elected.

There is a second factor, as well, which may be concerning the President: the Locarno treaties and the prompt settlement of the Balkan fracas have enhanced the prestige of the League in the United States. The treaties are hailed on every hand as a step forward in constructive statesmanship, while the Balkan outcome is generally regarded as proof of the League's power to act effectively, at least among States of a certain political magnitude. Not that American opinion would now favor entrance into the League; quite the contrary. It is regarded by the Administration, and probably by an increasing number of people in this country, as essentially an organization to promote cooperation and keep peace in Europe. But before Locarno this was a formula which excused American participation; since Locarno, it is a fact which excites American respect.

On October 17, learning of the success of the treaties, President Coolidge made it known that the way was now open for another disarmament conference in Washington. On October 19 the Foreign Ministers of France and Great Britain declared that since the League had already begun preparations for such a conference it would eventually be held under League auspices. On October 20, the President explained that he had referred to a possible naval conference

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which might carry ahead the work accomplished in Washington in 1921. He would not urge even this, however, unless it were desired in Europe. And if a general disarmament conference were to be called by the League, the United States, he intimated, would probably be represented, though only for naval and perhaps aerial questions.

It is a far cry back to the days when the Department of State refused to recognize the existence of the League even to the extent of answering letters addressed to it by the Secretariat. Thanks to Locarno and the Balkan settlement, the League has apparently become, in the eyes of Washington, a factor of international significance, to be dealt with accordingly.

III.

HERE, then, is the Administration's formal program for the coming legislative year: tax reduction, railroad consolidation, assistance to agricultural cooperatives, and adhesion to the protocol of the World Court. There is nothing very inspiring about this list. The first item is in particular aid of a small number of rich men, the second is to the advantage of the railroad interests, the third is for the benefit of about two and a half million members of cooperative organizations, the last is a mild indication of America's continuing interest in the settlement of international disputes by pacific means. And each of these points in the President's program has a bearing, no doubt, on the welfare of the country at large.

In the United States, however, political affairs are not the restricted hunting preserve of government. Most of the political education, and much of the hard work which must precede intelligent action by the authorities, is done by voluntary agencies, supported by private funds, whose only claim to influence either opinion or action comes from their zeal for facts or their zeal for a cause. For example, no useful discussion regarding the effect of prohibition

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legislation can hereafter take place without calling upon the scholarly and dispassionate report of the Research Committee of the Federal Council of Churches. A full year was spent, merely in gathering and weighing facts, before a word was published or, indeed, before the existence of the Committee was announced. The best information in the United States on the opium traffic is not in Washington, but in New York in the offices of the Foreign Policy Association. The report of their opium group, published last summer and dealing with the effect of prohibition on the consumption of drugs, is authoritative. It is said that the course of negotiations with the French Debt Commission was changed, when a study of "France's Capacity to Pay," prepared by a privately endowed Institute of Economics in Washington, reached the hands of the American Commissioners. There is another group of comparatively young men in Washington who publish weekly and monthly bulletins under the title of "Editorial Research Reports." These thorough-going studies of important public issues are free from partisanship and the fact that thirty-five leading newspapers of the country are prepared to pay a high price to the editors of the "Reports" for unadulterated facts bearing on public questions, is a noteworthy sign. Like these bulletins in their unbiased approach, but less exhaustive, are the studies which the Federal Council of Churches, again through its research Committee, circulates to a large number of ministers in the Protestant churches. And inasmuch as the Council embraces a church membership of over 21,000,000, its contribution to public opinion through these regular bi-weekly studies, is an important one. The paid circulation of that excellent review, *Foreign Affairs*, is now in the neighbourhood of 9,000. Thus political education of a sound type is being promoted by many agencies working in the whole field of public affairs, or in some small section of it.

During August two hundred students of international relations met at Williamstown, Massachusetts, for the

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fifth summer session of the Institute of Politics. Work is divided into round tables for study, open conferences for discussion, and public lectures for instruction. The program of the Institute continues for a month, and though nothing of a permanent nature is left behind except the printed lectures, the organization serves a useful purpose. Similar groups of qualified students meet at the University of Chicago and the University of Michigan earlier in the summer.

On the seventeenth of September two hundred and twenty-five people, interested in American relations with China, shut up their desks and travelled to Baltimore for a three days' conference. For some weeks prior to this time they had been studying documents and data supplied by a central committee. Everyone present either had a special knowledge of Chinese conditions, or else was connected, as a responsible officer, with some organization at work in the East. The central committee had hoped for an adequate representation of various interests—banking, business, Press, religious, and educational: the committee also hoped that the conference would content itself with merely studying the issues. Such a consummation, however devoutly to be wished, was not brought about. The bankers and business men, for the most part, neglected the conference, and the national urge for resolutions, in the end, could not be kept down. It was, however, an instructive gathering.

And now in October, an educational campaign is under way in the colleges with particular reference to the relation of the United States to the World Court, but with the further intention of stimulating undergraduate interest in international affairs. The country has been divided into forty-five areas, each one of which will have its regional conference before the first of December. Each college will send as delegates to that conference men who have been making a study of the Court; and on the eleventh of December, a national Congress of students will be held in

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the East. Five thousand undergraduates are now acquainting themselves with the Court issue, and they in turn will be the leaders of study groups in their respective colleges throughout the winter on international affairs. Rather vague? Yes. Too highly organized? Possibly. Propagandist? Perhaps it can't fail to be; but on the whole, good.

IV.

IN American theatres—probably it is so elsewhere, though the writer can't remember—there are two curtains which shut off the audience from the stage. The first is made of asbestos—a dull thing of no life or spirit! Then, in due course, and before the play begins, this uninteresting strip is rolled out of sight, and the true screen appears, richly colored, covered with painted figures in the classic style, highly formalized and artificial. Finally, after the eye has feasted on these exotic mysteries, they are whisked away from view and the play is revealed.

Much the same is true of what has been written here. First, the asbestos-like program of the Administration. Then the rather bizarre efforts of the "intelligent few," highly colored with zeal, who from private life are effectually influencing public affairs, domestic and foreign. But how can any satisfactory picture of the scene itself be conveyed? Not in terms of formal politics, for life on this continent has no platform and no program. Nor in terms of organization, for it holds no meetings, publishes no reports, passes no resolutions.

Yet with all the efforts to comprehend one's neighbor that are being made to-day, it ought to be possible to discover a way of lifting the screen a foot or more, and of looking behind it. Perhaps some one, desiring to create a better understanding between English-speaking peoples than can be reached through the deceptively similar language of our history and our politics, will establish still

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another chair at Oxford. One can hear the new Coolidge Professor of Contemporary Life in the United States (*that* title ought to fetch a good man!) beginning his lecture on the Industrialisation of America, as follows :

During the first century and a half of its history, the United States was a rural nation. It was rural in two senses : first, the majority of its population lived in villages of 2,500 or less, or in the country on farms ; second, the trend of its growth depended upon the availability of free land, or land at a nominal price. "The most significant thing about the American frontier is that it lies at the hither edge of free land." This frontier, according to the Census Bureau, disappeared about 1890, and, according to the Bureau's figures for 1920, the population of the United States, in that year, became predominantly urban for the first time in its history. The following figures are significant :

Rural population :	1880 ..	70.5 per cent.
	1890 ..	63.9 per cent.
	1900 ..	59.5 per cent.
	1910 ..	53.7 per cent.
	1920 ..	49.3 per cent.

This represents nothing short of a radical change in the character of the American population.

From 1890 to about 1906, in spite of the relative decrease in rural population, the average food production per capita increased rapidly. This was partly due to the opening up of rich virgin lands for cultivation, and more particularly to the introduction of improved machinery and methods whereby a smaller army in agriculture was able to produce a greater output, not only in quantity, but per capita in respect to the population to be fed. Since 1906, however, there has been little or no new land opened up—indeed, there is little or none available ; and improved methods and machinery have failed to keep pace with the growing population of the country. Viewing the crop production as a whole, statisticians estimate that the United States will become a food importing rather than a food exporting country in fifteen to twenty-five years. In fact, to-day, as measured by money value, more food is imported than exported by the United States.

Three facts of a fundamental nature are thus presented :

- (1) A nation, formerly rural, has now become urban.
- (2) Food production has failed to keep pace with population.
- (3) The United States may have to turn its eyes more and more toward Canada, South America and Siberia as sources of food supply, with all the revolutionary changes in national outlook that such steps would involve.

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Or he might lecture on the significance of American investments abroad, and interpret the following chart, which he is authorized to take from this article as naturally as the writer took it from Moody's *Governments and Municipals* : 1925 :

America's entry into the field of foreign investing after 1914 was absolutely new except in the case of Mexico.

	1920	1924
Foreign Governments..	\$291,000,000	\$791,256,000
Foreign Corporations ..	\$189,400,000	\$612,549,000
Canadian	\$79,922,000	\$220,946,000
Total ..	\$604,016,300	\$1,624,751,000

In this list of foreign securities, in addition to China, Japan, and Canada, eight South American countries are represented, and fourteen countries of Europe.

There would be material for many other lectures, one feels sure, in the following extract from a statement issued in March of this year by the Vice-Chairman of the Committee on Public Relations of the Eastern Railroads :

In the seven years from 1918 to 1925, stockholders in the following enterprises increased 2,514,394. This increase was gained from the following sources :

Industries.	Employees.	Customers.	General Public.
Railroads	70,262	45,003	203,216
Express and Pullman ..	—	2,996	7,827
Street Railways ..	15,000	—	260,000
Gas, Electric, and Power ..	75,000	815,955	470,324
Telephone and Telegraph ..	62,649	—	201,922
Packers	7,000	—	28,000
10 Oil Companies	21,153	800	115,724
5 Iron and Steel Companies ..	87,696	—	4,530
10 Miscellaneous Industrials ..	—	—	19,337
Total	338,760	864,754	1,310,880

Does this mean sheer prosperity, and nothing else ? Or does the increasing public ownership of securities

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indicate an increasing tendency toward public control? Is the control real or illusory? Or is it not still easier now, for a small minority, well consolidated, to direct the acts and distribute the profits of the company? What effect, if any, has this broader interest upon (a) the securities market, (b) the policy of the American Federation of Labour, (c) the growth of conservatism?

Then the new lecturer, if he had sporting blood in him, would set a Schools question like this: "Thomas R. Marshall, Vice-President of the United States, and an aphorist not without honour in his own country, once said: 'So long as 10,000,000 Fords are driven by 10,000,000 Americans, God's in His heaven, and the Government at Washington will continue to live.' Comment on this, and restrain yourselves."

Lastly, I hope, he would devote some part of his time to other things: to the industrial reconstruction of the South, now taking place; to the story of the development of the forty-eight State Universities, and of public education in those States; to the amazing progress of the Negro within the past generation—his material advancement, his achievements in music and literature, his new opportunities for schooling, from the lowest plane to the highest. He might speak of the work of the humanitarian foundations, established by Rockefeller, Carnegie, Harkness, Guggenheim, Rosenwald, and others. And of American architecture... He might draw attention to the administration of the Philippines, to the progress of the pure sciences, the Washington Conference.

Could he leave the scene without some attempt to whirl it all into motion? Movement of 1,200,000 people who left farms in 1922, and the 800,000 who came to take their place. Movement of October 1, 1925, like any other October 1 in New York City, when half a million changed their homes. Movement of 65,000 undergraduates—boys and girls—who travelled to Europe on third class tickets this summer. Movement of hundreds of thousands

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of negroes from the South into the North... and back into the South again... and back into the North again. Movement of whites from the North into the South, especially into that part of it which is Florida! Earlier rushes to the oil fields, the free lands, and the gold mines pale into insignificance when compared with the migration of 500,000 people to Florida this year. In search of climate? fruit farms? rising land values?—what?

So the Coolidge Professor of Contemporary Life in the United States would take Bryce away from his students, and would give them instead Turner's *Frontier in American History*, and Werner's *Barnum*, and the poems of Emily Dickinson (and the poems of Eddie Guest), and Crowther's *Life of Henry Ford*, and *The Saturday Evening Post*, and Michael Pupin's *From Immigrant to Inventor*, and Stuart Sherman's *Genius of America*. Jumbled up like that, just any old way. Until the student, trying to hold fast to something, would come back to the first book of all, and find company in his confusion with the author of *The Frontier in American History*:

This, then, is the real situation: a people composed of heterogeneous materials, with diverse and conflicting ideals and social interests, having passed from the task of filling up the vacant spaces of the continent, is now thrown back upon itself and is seeking an equilibrium. The diverse elements are being fused into national unity. The forces of reorganisation are turbulent, and the nation seems like a witches' kettle.

United States of America.

November, 1925.

UNITED KINGDOM

I. A FIT OF "THE REDS"

THERE has been a broad and rapid stream of consequences, not unexpected, from the shock of the coal subsidy. To describe it without qualification as the Government's surrender is misleading. Reasons were given in the last issue of *THE ROUND TABLE** for the belief that such a picture does justice neither to the Government nor the trade unions in the situation of last July. Ministers have argued since upon a score of platforms that what determined them in making a concession which they had vowed they could not make was not want of courage nor want of preparation but the imperative necessity of preserving industrial peace in a country struggling back to economic health. Responsible trade union leaders like Mr. Clynes and Mr. Herbert Smith have continued to insist that the trade union movement lined up in the summer for none but the legitimate purpose of self-defence. But "things are what they are and the consequences will be what they will be." The appearance of surrender—a phrase with which no one will quarrel—has inevitably flattered and stimulated the hopes of the Communists and the Minority movement, compendiously head-lined as "the Reds," as much as it has alarmed and aggrieved the believers in "strong government." The cash consequences are also coming home. It is more than probable, from the

* *THE ROUND TABLE*, No. 60, September 1925, pp. 776-779.

A Fit of "The Reds"

ascertained cost of the subsidy in August and September, that the ten millions voted by Parliament will not suffice for half the period up to May 1. And who is to say that the subsidy will not be required after May Day? Mr. Churchill has hinted at a re-imposition of taxes next year without adding to the gaiety of the time. It was the moment for some one to ask the question, "Is England done?" and set a theme for discussion traditionally agreeable to the English taste.

Apart from the Socialist, who takes as a matter of course the coming breakdown of capitalism, there are not wanting others to tell us that things are likely to be worse before they are better. From time to time an industrialist will launch heartening prophecies against them, while sympathetic newspapers detect and report the infallible symptoms of an approaching trade revival. The sanguine and the melancholy are not divided by a party line. Mr. Keynes points out that depressed spirits are not good for depressed trade. Mr. Lloyd George fears we may be forming a dangerous taste for "psychological cocktails." Lord Beaverbrook's Press is still unable to dissociate contemporary troubles from Mr. Baldwin's leadership. They appear, however, to "Right" minded citizens as the work of the trade unions, for whose reform the Prime Minister is still reluctant to legislate, and of the Communists, against whom the Home Secretary, Sir William Joynson-Hicks, maintains his ardour.

This frank turmoil of optimism and pessimism has an interested but unobserved audience. Sir Robert Horne and other visitors to the United States tell us that Americans, for example, are shaking their heads over a country doubtful of its own recovery and riddled with subversive doctrine. It would seem useful therefore to try and discover the true perspective of events and opinions in their present course.

The cables will have reported among other matters recently that on September 13 the Trade Union Congress by

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a huge majority accepted an anti-Empire resolution moved by a member of the Minority movement and seconded by a Communist; that negotiations have been in progress for an industrial alliance of the miners with the engineers and with the workers in all forms of transportation with a view to a common strike policy; that a volunteer organisation of private citizens has been formed for the assistance of the Government, in the event of a general strike, by the maintenance of public services; that the year's trade returns show for so far an increased adverse balance; that the excess of public expenditure over revenue is larger than usual even for this time of the year; and that twelve Communist leaders have been brought to trial on a charge of sedition.

Unquestionably these are facts and unquestionably they give an account of English affairs as inadequate as it is formidable. It is not necessary to be a pessimist to acknowledge the ugly features of the position or to deny that they will be swept away in due course by the automatic working of an obscure pendulum. Neither must we be optimists to point out that the creed of direct action had many more disciples in 1919 than it has in 1925, that democracy has yet to prove itself unequal to the economic strain and that English history in the first forty years of the last century has "redder" patches than this generation can show yet.

Other articles in the current number describe the development of Labour thought on its Imperial responsibilities and the industrial prospect confronting Labour and the community generally. No more therefore need be written about them here. But it remains to enquire what value is to be given to the colour of revolt in the political spectrum.

The Two Faces of Labour

II. THE TWO FACES OF LABOUR

COMMUNISTS and Minority men were prominent in the deliberations of the Trade Union Congress at Scarborough in the second week of September. There was applause and support for their speeches, which were numerous. They were able to carry a cleverly drafted resolution, already referred to, condemning Empire as exploitation. M. Tomskey, a fraternal delegate from the Russian trade unions, called for unity in the "struggle against the capitalist class" and told an apparently appreciative audience how in Russia "they set free the bankers from the burden of the banks, they set free the employers from the burden of conducting the factories, they set free the landowners from the burden of the ownership of the land." The General Council was instructed to do everything possible, in despite of the opposition of the Amsterdam International, to bring about a single working-class international. A significant exception to the run of "Red" successes was the refusal of the Congress to empower its Council to declare a general strike. In this and some minor matters of domestic importance the Congress was cautious. But the sum of its proceedings seemed unmistakably friendly to the hopes and plans of the Left wing.

Three weeks later the annual Conference of the Labour party was held at Liverpool. In composition it did not greatly differ from the Scarborough Congress. There were many of the same speakers and there were many of the same voters. But the resolutions put before the two meetings and the effects of speeches and votes were as contradictory as it is possible for two opinions to be. The sympathies of the Scarborough meeting were by all outward signs with the ideas of the Left. The Liverpool meeting enthusiastically banned them. Mr. MacDonald,

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whose leadership seemed to have recovered all its old power and popularity, explained that the plan of co-operation or even of mutual toleration between political Labour and revolutionary Communism was hopeless and illogical. Communism was not out to help the political movement but to destroy it. The Conference accepted his reasoning without hesitation. Large majorities voted for the resolutions laid by the Executive refusing membership of the Labour party to Communists and asking affiliated trade unions to refrain from sending Communists to represent them at the Labour party Conference. These resolutions, as Mr. Pollitt and others at once protested, will not keep determined Communists from gaining entry. But the Labour party has settled afresh its own standing in politics.

Public opinion has been puzzled to account for this apparent zig-zag in Labour thought. It has been mystified by the transition from Left to Right within three weeks. The sudden conversion at first glance suggests insincerity somewhere, a suspicion of tactics. But it is misleading to talk, as we naturally do, about the victories or defeats of extremists or moderates. The terms serve, provided it is not thought that they are essentially affected by fighting speeches or the emotions of the moment, or the other accidents of debate.

A broader interpretation fits. The Trade Union Congress represents the working-class organised for the defence and promotion of acceptable conditions of employment. The Labour party represents that considerable section of the working-class (allied with an increasing section of the middle-class) which hopes to attain better conditions through Socialism—a doctrine that arouses a diversity of hopes and passions—and Socialism through Parliament. The co-ordinate leadership of these parallel activities sometimes makes it difficult for the observer to draw necessary distinctions. It is not the first time that industrial and political Labour have differed. More often the conservative voice has been that of the trade unions.

The Two Faces of Labour

On purely political questions the Labour party is often likely to be the more advanced. Those are its peculiar province. On questions of industrial action the trade unions are likely to make the pace. The Labour party exists for nothing if it does not exist to persuade a majority to follow it one day into the polling-booths. The nearer it approaches to that ambition, the more embarrassed it is by talk of industrial action. But all Communist talk is of industrial action. At all times the Labour party, seeking to count heads and not break them, is likely to be "sound" on the subject of industrial action. The temper and attitude of the trade unions will be determined from time to time by industrial rather than political considerations. The Labour party had everything to gain by contemptuously snuffing out the Communists. While listening respectfully, if not sympathetically, to Communist orators and arguments, the trade unions were rather thinking of self-defence, for which they in their turn exist.

The Scarborough Congress was before all things a demonstration of solidarity in face of a real or hypothetical "attack upon wages." The disparity of wages in the sheltered and unsheltered trades and the need for reducing sheltered wages in order to lighten the burden upon unsheltered workers have been the theme of innumerable articles and addresses. It has been argued as freely that the return to the gold standard increased the necessity of wage adjustments. Then, in the summer, the mine-owners, by way of demonstrating their inability to conduct the industry profitably on the basis of the wages agreed to in 1924, proposed drastic reductions. In the view of Labour the attack upon wages, long feared, had begun. The Trade Union Congress rallied with conviction, if without enthusiasm, to the miners' appeal for a solid front. The subsidy suspended but did not solve the conflict out of which that appeal arose. While the course and effect of the subsidy, the fortunes of the coal export trade, and the future of trade and wages generally remain uncertain, the

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trade union movement will remain on the defensive. In the circumstances that attitude is warlike. At least, it is determined. It encourages talk of power rather than talk of parley. Naturally it has not discouraged the hostilities of Communism against Capital. But it does not substantiate, though it may explain, a belief that British Labour is now following a Communist lead towards direct action and revolution.

In fact, the special defensive machinery which Mr. Cook, the miners' secretary, has been specially active in planning against the contingencies of next year, when the subsidy comes to an end and a decision of some kind will have to be reached in the coal-fields, is not being instituted without difficulty. At present the National Union of Railwaymen have refused to enter the proposed Industrial Alliance. Without the railwaymen it will lack more than half its strength. The N.U.R. is an industrial union which aims at including every grade and occupation on the railways. Two craft unions, among others, are obstacles to that ambition, the Amalgamated Society of Locomotive Engineers and Firemen and the Railway Clerks' Association. The N.U.R. and the A.S.L.E.F. have had open quarrels. There is bitter feeling between them and between their respective secretaries, Mr. J. H. Thomas, a leader of the moderates, and Mr. Bromley, who shares the advanced views of Mr. Cook. The N.U.R. insists that solidarity on the railways should precede the wider solidarity aimed at by the Alliance. As a condition of its entry it demands that there shall be consultation and agreement on railway policy. There is not much likelihood that the condition will be met.

Current Topics

III. CURRENT TOPICS

THE Government asserts that it was perfectly ready, in an administrative sense, to meet the stoppage in the transportation services with which the country was threatened last July. But the appearance of helplessness—to adopt non-controversial terms—in face of the threat was something of a blow to confidence. Lord Hardinge, Lord Jellicoe and others have taken the lead in forming an Organisation for the Maintenance of Supplies—the title is self-explanatory. Citizens, especially those with technical qualifications, are asked to enrol their names in a register which will be handed over to the Government if and when a great industrial emergency arises. It is, of course, agreed by all and accepted by the Government that it is the Government's responsibility to maintain supplies in such an event. Opinion differs sharply on the merits of the scheme. Some think it unnecessary and provocative. Others see no reason why citizens should not exercise an elementary right of self-defence, and see nothing provocative in a register which would only be operative under Government direction and in case of need. At Liverpool the Labour party undertook that a Labour Government should, in an industrial emergency, confer with the Council of the Trade Union Congress on the upkeep of essential services.

Sir William Joynson-Hicks has given the O.M.S. his blessing. His speeches, which have not been infrequent, may be said to have "featured" the Communist danger. The Prime Minister and other Ministers have been equally firm on their intention to uphold majority rule, but with less iteration and in a different key. The Unionist Conference at Brighton in the first week of October ventilated some discontent with Mr. Baldwin's pacific policy towards the trade unions and with the Government's tardiness in

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"laying sedition by the heels." Speeches by delegates urging legislation to amend the form of the trade union political levy and demanding the suppression of Communist agitation were received with warm favour. On October 23 twelve men prominent in the Communist movement were brought before the magistrate at Bow Street on charges of sedition under an act of George III. The accused men have been committed for trial. Opinion also differs on the wisdom of this step. The responsible Labour leaders are not alone in fearing that prosecution will advertise and perhaps martyrise agitators who are at present more noisy than important. Critics of the Home Secretary, who are not all his political opponents, believe that the benefit of any doubt should be given in favour of the liberty of opinion. If the trial were to prove that there had been direct attempts to persuade troops or police to refuse their duty, the move against the Communists would, no doubt, obtain general approval.

The Government has also been brought into conflict with extremism in the area of local administration. The West Ham Union is composed of some of the poorest districts in London. Its rateable value is low. The proportion of its population in need of relief is high, and the scale on which the Guardians, with a Labour majority, have been giving relief is also high. When the Guardians applied to the Ministry of Health for a loan to enable their work to continue, the Ministry made it a condition that the scale of relief in West Ham should be reduced to an approved figure. The Labour majority on the Board refused the condition. The Ministry, trusting to subsequent Parliamentary sanction, then took the drastic step of assuming the Guardians' responsibility itself and issued relief in kind by means of vouchers. Extremist members of the Board, basing themselves on the support of the unemployed recipients of relief, endeavoured to stand out for the higher scale. But the more prudent members of the majority eventually accepted the Ministry's terms.

Current Topics

Mr. Neville Chamberlain has been much praised for his competent handling of the episode. A much-needed committee of enquiry has now been set up to investigate the problem of the necessitous poor-law areas.

The feelings roused by the Communist trial have unfortunately been inflamed by another case. Four self-styled Fascist youths seized a *Daily Herald* van one night on its way to Euston. The van and newspapers were recovered in a damaged state. The youths were charged with larceny. They told the magistrate their aim was to delay the issue of the paper. The Public Prosecutor withdrew the charge of larceny on the ground that there was not evidence to support it, and proceeded against them as "common disturbers." Three of the youths were bound over for 12 months in a surety of £100. The fourth, who had an unlicensed pistol, was given a fine of £20 or a month in prison. The case has been bitterly criticised by Labour as "political justice," and adverse comment is not confined to Labour. The Attorney-General has explained that the Public Prosecutor acted upon no Cabinet instruction, but upon a proper exercise of his own discretion. It is, nevertheless, regrettable when an offence like this affecting the freedom of the Press escapes without punishment of a deterrent kind.

Apart from the foregoing the themes of most interest in politics during the three months which ended with the re-assembly of Parliament on November 16 have been Mosul and Locarno. The controversy over Mosul cuts across all party divisions. The Government cannot count upon the undivided support of its own party. On Locarno there has been virtually no controversy. Nothing indicates any substantial change in the position of the three parties in the country. The Government has lost a seat to Labour at a by-election at Stockport. There have been Labour gains in the borough elections, but their opponents have been able to speak of an attack beaten off. There is a good deal of anxiety over Budget prospects. Mr. Churchill,

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however, shows a robust confidence which Mr. Asquith satirises as "rollicking optimism." He is certain that his accounts will balance, apart from the coal subsidy, and he is hopeful of securing a considerable saving on next year's estimates. Mr. Baldwin has promised that the burden of economies shall not rest upon the poorest classes. A Cabinet Committee on Economy has been sitting almost daily. Lord Colwyn's Committee is reviewing the expenditure on defence.

One institution set up by the present Government has done something for household economy. The Food Council has brought the terrors of publicity to bear on the bakers. Two successive reductions in bread prices have followed. The bakers state that the pronouncements of the Food Council and cheaper bread are unrelated except by coincidence. The public thinks differently and the bakers have no friend in the Press.

Mr. Lloyd George has launched his land scheme. His anonymous committee of enquiry has produced an exhaustive and readable handbook which sets forth in full the recommendations and the reasons for them. His policy is based on the amply documented conclusion that the landlord can no longer play his part as organiser and capitalist in the agricultural industry. He proposes, broadly, that the State shall buy out the landlord and that the farmer shall hold his land on a system of cultivating tenancy terminable only on proof of inefficiency. Provision is made for the easy acquisition of land by the now landless labourers. He has also outlined a scheme for urban land reform, the report on which has not yet been issued, based on the taxation of site values. The Liberal party has not yet accepted these proposals as part of its official programme. The signs go to show that there will be difficulty in getting Liberal agreement on this, as on other matters.

CANADA

I. THE ISSUES IN THE FEDERAL ELECTIONS

AFTER an interval of four years Canada is once more in the throes of a General Election, for the fourteenth Federal Parliament was dissolved on September 5, and its successor will be elected on October 29. Since the statutory life of a Canadian Parliament is five years, the Liberal Government had the constitutional right to withhold dissolution till the end of 1926; and after the Liberal Government of New Brunswick had in August shared the fate of its neighbour in Nova Scotia at the provincial elections, a strong wing of the party was anxious that an appeal to the country should be postponed for a more propitious atmosphere. Mr. MacKenzie King at the end of August issued a statement asserting that he would not be stampeded into a dissolution; but meanwhile a popular demand for an election which would offer at least the prospect of a Government provided with a clear majority and able to advocate and apply definite policies had been gathering momentum, and Mr. King decided to take the plunge. In his opening speech he avowed that the main reasons for his course were a desire to give the West the additional representation to which it had become entitled under the Redistribution Bill, the need of setting his party free from the clogging restrictions which its lack of a majority in the House of Commons imposed, and the imperative urgency of terminating by

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a fresh vote of confidence a deliberate campaign of misrepresentation of Canadian conditions which was being carried on by his opponents for partisan purposes.

As a prelude to dissolution, the Prime Minister undertook a reorganisation of his Cabinet. The final retirement of Mr. Fielding, the veteran Minister of Finance, had long been anticipated, and Mr. J. A. Robb, who moves from the Department of Immigration to the Ministry of Finance, has acquired, while acting as Mr. Fielding's deputy during his long illness, ample experience in the management of the national finances. Mr. Bureau, of Quebec, and Mr. Copp, of New Brunswick, also have left the Cabinet, and have been given seats in the Senate; Senatorships have likewise been bestowed upon two other Ministers, Mr. Charles Murphy and Dr. Beland, and the general impression is that they are only retaining their portfolios until the election campaign is over. The recruits introduced by Mr. King are of a varied character. Mr. G. H. Boivin, of Quebec, who becomes Minister of Customs, is an experienced politician, and Mr. Lucien Cannon, another French-Canadian, who has been made Solicitor-General, is a very eloquent exponent of the Nationalist creed. Mr. W. E. Foster, who takes the Secretaryship of State, is a former Liberal Premier of New Brunswick, and Mr. Gordon, of Ontario, the new Minister of Immigration, served as deputy Speaker in the last House. Places in the Cabinet without portfolio are given to Mr. H. H. Marler, of Montreal, and to Mr. Vincent Massey, a graduate of Oxford, who is the most interesting of the recruits, and has already to his credit a good record of useful public service in Toronto. Mr. King has also announced that he contemplates further changes in the personnel of his Cabinet, and has promised to bring into it Mr. Dunning, the Premier of Saskatchewan, and Mr. Norris, an ex-Premier of Manitoba, subject to the condition that the West returns a sufficient number of Liberal members to justify its claim for more places in the Cabinet.

The Issues in the Federal Elections

Nomination day on October 22 revealed 580 candidates in the field for the 245 constituencies. Not a single candidate has been returned by acclamation, and there are three-cornered contests in over 80 divisions. The Conservatives have the largest roster of candidates, as the Liberals are not opposing a score of Progressives, whom they classify as reliable allies, and the two old parties provide about four-fifths of the candidates between them. The Progressive party, which contested 140 seats in 1921, is not on this occasion fighting more than half that number; since only twenty-four of these lie east of the great Lakes, they must reconcile themselves to the status of a sectional group which is not in full competition with the historic parties. Labour, held in leash by the disbelief of the officials of the Trade Union Congress in political action, and torn by internal dissensions, has only nominated candidates in a dozen industrial seats, and will play an insignificant part in the election.

At the time of writing, the campaign is in full swing, and the popular apathy which marked its earlier stages has disappeared. The Press teems with election propaganda, a floodtide of political oratory is sweeping over the land, and candidates find large and enthusiastic audiences ready to listen to their speeches. The chief burden of the Liberal and Conservative campaigns is falling upon the two leaders, Mr. King and Mr. Meighen, and the exhaustive oratorical tours on which they are at present engaged demand no common powers of endurance. The main line of appeal on the part of Mr. King and the Liberals is that they have been following a middle path between two parties of extremists either of whose politics, if translated into legislation, would shatter the structure of Confederation; that only such moderate policies as the Liberal programme embodies are suited to the peculiar conditions of Canada; and that safe and progressive government can best be secured by the endowment of the Liberal party with a clear majority. Mr. King promises to maintain

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what he describes as "the common-sense tariff" now existing, and to place it upon a more scientific basis, which may involve both upward and downward changes, with the assistance of a new Tariff Board to which he has already made some nominations. Upon the fiscal issue, however, the Liberal party obviously falls far short of unanimity, for its candidates in the prairie provinces are proclaiming their strong hostility to the protective principle, while in Eastern Canada Messrs. McCrea and Euler, who supported Mr. King in the last House, are now running as Independent Liberal protectionists. There was a well-defined rumour prior to the election that the Government was ready to sponsor a bold railway policy providing for the compulsory amalgamation of the Canadian National and Canadian Pacific systems; but Mr. King has declared himself against any railway monopoly, public or private, and has contented himself with mild advocacy of a plan of regulated co-ordination between the two systems in order to secure a reduction of the present wasteful duplication of many services. Senate Reform at one time threatened to be a prominent item in the Liberal campaign, but the constitutional difficulties are enormous, and the French-Canadian wing of the party is averse to any rash surgery with the British North America Act; accordingly Mr. King has virtually given up hope of a successful frontal attack upon the Upper House and its powers, and he now suggests that the necessary reform can best be accomplished by peaceful methods if he is given another term of power and allowed to obtain a reforming majority in the Senate itself by the simple process of appointing Liberals pledged to reform as Conservative Senators die off. Like both their rivals, the Liberals profess immense zeal for economy and a determination to inaugurate a vigorous immigration policy. Mr. King, undeterred by the fiasco of the Petersen contract, has pledged himself to continue his crusade against the activities of the North Atlantic Steamship

The Issues in the Federal Elections

combine and to devise new measures for their suppression.

During the first half of the campaign there seemed to be a conspiracy of silence upon all Imperial issues and international problems; but Mr. Bourassa, who has made a dramatic return to active politics after an absence of fourteen years, has already performed the valuable service of forcing some discussion of them. Mr. King professes unbounded devotion to the idea of the British Commonwealth, but tempers it with reservations sufficiently strong to satisfy his followers of the Nationalist faith. And more than one Liberal Minister has been trying to make votes for his party by the claim that, at the time of the Chanak affair in 1922, the resolute courage of the King Government alone saved Canada from embroilment in another European war, and that its return to power is the only safe insurance against such a calamity. In British Columbia the Oriental problem is as usual playing some part, and few candidates will be elected who are not committed to the complete exclusion of Oriental immigration.

In Ontario and certain Western constituencies a working local arrangement for the election has undoubtedly been achieved between the Liberal and Progressive organisations; but Mr. Forke, the Progressive leader, vigorously denies that any trace of a definite alliance exists and affirms that the record of the King Government is in itself sufficient justification for the continuance of his party as an independent organisation. Indeed, in the province of Saskatchewan, where the Liberals hope to wrest a number of seats from the younger party, relations between them are exceedingly strained. Forced in this election to concentrate their main energies upon holding their western seats, the Progressives find themselves handicapped by inadequate Press support, though in many rural divisions the co-operative societies give them a ready-made organisation. The sentiment of sectional antagonism to what is

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regarded as the oppressive economic dominance of the East will also help their candidates. They are standing firm upon the radical platform embodied in the New National Policy, the foundation charter of the party, and their candidates are advocating as near an approach to free trade as the demands of the revenue will allow, the public ownership of all public utilities, proportional representation, banking reform, and an elective Senate. They are branding both the old parties as the complaisant tools of the "Big Business" interests of Eastern Canada, and claiming support as the only sincere champions of reforming policies. There is, however, some evidence that the western farmer has during the last four years become disillusioned about the efficacy of political action as a means of remedying his grievances, and that he is for the moment more interested in the co-operative wheat pool, which is enjoying a success beyond the wildest dreams of its promoters, and is to-day a remarkable feature of Canada's national economy. But absorption in its fortunes does not mean that the prairie farmers are ready either to vote for the Conservative party and high protection, or to listen to Mr. King's suggestion that they can more quickly realise their aims by throwing their support to the Liberal party and obtaining a powerful voice in its councils, than by continuing to back a Progressive party which has no prospect of obtaining power.

The Conservative party are bringing a comprehensive indictment against the Government for failure to curb expenditure and permit a real reduction of taxation, for utilisation of public funds to aid their political fortunes by superfluous public works, and for the futility of their immigration policy. But they are strenuously endeavouring to make the election turn chiefly upon the fiscal issue. They argue that recent reductions in the tariff have involved many Canadian industries in very serious difficulties and even in ruin, and, by curtailing the volume of domestic employment, have driven thousands of Canadian citizens

The Issues in the Federal Elections

to emigrate to the United States. The Liberals answer this charge by declaring that the southward exodus is no greater than at previous epochs in Canada's history, and that the campaign of partisan misrepresentation of economic conditions has been an important factor in checking the return of prosperity and aggravating the exodus. The Conservatives, however, pledge themselves, if returned to power, to establish a higher scale of duties, which they euphemistically describe as an adequate and well-rounded system of protection, and they claim that such a policy will create more domestic employment, halt emigration, and permit the satisfactory absorption of more immigrants. Undoubtedly the Fordney Tariff has engendered deep resentment in many parts of Canada and created an atmosphere favourable for the success of such a protectionist appeal; but on the other hand the absorption of so many Canadian firms by great American corporations has to a certain extent impaired the political value of the old association of patriotism with local protectionism, and many Conservatives feel that their leaders would have been wise to have broadened the basis of their programme.

When the campaign opened the Conservatives were faced with a peculiarly difficult problem in regard to French-Canada, owing to the bitter, if quite unjustifiable, resentment cherished by its voters against their leader, Mr. Arthur Meighen, for his part in conscription and other controversies of the war years. However, an auspicious start towards the removal of this handicap seemed to have been made when Mr. E. L. Patenaude, of Montreal, an able and experienced politician who had endeared himself to his compatriots by resigning from the Borden Government in 1917 rather than accept the Conscription Bill, agreed to assume command of the opposition forces in Quebec. He was strongly pressed by a powerful group of Conservatives in Montreal, who have made no secret of their conviction that Mr. Meighen is an unsatisfactory leader, incapable of bringing victory to his party on account

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of his unpopularity in Quebec, to organise a separate *parti Quebecois*. Although he rejected this plan, he has chosen to follow a curious course. While Mr. Patenaude is standing as an avowed Conservative, he continually insists that he is as independent of Mr. Meighen as of Mr. King, and he recently asserted that if the King Government fell and a new Premier had to be chosen on the morrow of the election, that Premier, unless he accepted the full policy of Macdonald and Cartier, could not count upon his co-operation "whether he be called Meighen or anything else." In another speech he declared that while he had nothing to give Mr. King, he had equally nothing to cede to the Imperialism of Mr. Meighen, and he has been openly advocating the abolition of the existing British preference on the ground that it works serious harm to important Canadian industries. Meanwhile the *Montreal Star* and *Gazette* make very infrequent mention of Mr. Meighen's name and harp continually upon the merits of Mr. Patenaude and his policies.

Such a development is naturally very disturbing to many Conservatives, for they dislike the prospect that return to office may have to be purchased at the price demanded by a group of avowed Nationalists, and they are not satisfied with the explanation that Mr. Patenaude's utterances merely represent shrewd electioneering tactics which eliminate the necessity of defending Mr. Meighen's war-time record to French-Canadian audiences. But the fact remains that the Conservative campaign in Quebec is being conducted in a separate compartment from the general line of battle, and the suspicion cannot be banished that Mr. Meighen's enemies in Montreal intend, if the Liberal Government is beaten, to use Mr. Patenaude as a lever for obtaining a Conservative Premier more palatable to themselves. There is evidence that Mr. Patenaude's campaign, in which he is showing immense vigour and considerable ability, is creating some apprehension in the Liberal camp, but only the polls can reveal what success

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has crowned his efforts to break down the Liberal monopoly of Quebec's sixty-five seats.

The uncertainty of the situation in Quebec is increased by the reappearance in Federal politics of Mr. Henri Bourassa, who has for a quarter of a century been an influential factor in Canadian public life. In recent years he has devoted his versatile abilities to the service of religion, varied with intermittent forays in political journalism in the columns of his paper *Le Devoir*, but at the age of 57 the vigorous brilliance of his pen is undimmed, and he has already demonstrated on the platform that the caustic tongue which has long made him a dread figure to Canadian politicians of all parties is as fluent as of yore. By his own account he returns to politics purged of the last dregs of partisan feeling and prepared to co-operate with honest and public-spirited men of all parties for a truly national policy. On the majority of domestic issues he is in accord with the Conservatives, professing only a contemptuous tolerance for Mr. King and the Liberals; but he is as impenitent an anti-Imperialist as ever, and proclaims his definite aversion to Mr. Meighen on account of his Imperialist proclivities. He is against Canada's participation in Imperial wars, armaments, and diplomacy, but he deprecates any propaganda for secession from the British Empire until Canada has regained her political, economic and ethical balance, in his view temporarily lost, and is able to decide in cold blood upon her future. He is standing as an Independent for his old constituency of Labelle, which prior to his retirement never failed to elect him by substantial majorities, and, although he is not attempting to revive the Nationalist party which he founded and led with such success in the election of 1911, his frank courage and his honest intellectual approach to political issues give him an audience not restricted to his own race. On the whole his intervention should tell in favour of the Liberals, and therefore earlier estimates of Conservative gains in Quebec are being modified. His return, moreover, has

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bestirred Mr. J. S. Ewart, K.C., his most effective ally in English-speaking Canada, to an interesting adventure. Holding that the pacts just concluded at Locarno and their implications raise issues for Canada in comparison with which all others are mere "electioneering twaddle," Mr. Ewart has addressed an open letter to the three party leaders and the four candidates in his own city of Ottawa in which he demands an expression of their views upon the question whether Canada should become a signatory to these pacts. Unfortunately his move comes at such a late date in the campaign that the recipients of his letter can make the excuse that until the full text of the agreements is available, they cannot form an adequate judgment upon their merits, and the response is not likely to be illuminating.

II. THE WHEAT CROP OF 1925

WHHEAT is still King in Canada, though the monarchy is limited; there is no despotism such as those once exercised by cotton in the Southern States and by sugar in the West Indies. But the prosperity of this country still turns mainly on the size of the annual wheat crop and the price realised for it in the markets of the world. If the crop is bad or the price low other industries and transportation cannot flourish. Though the list of Canadian exports is far more varied than that of twenty-five years ago, and though more than half the total—55 per cent. in 1922—is made up of wholly or partly manufactured products (including wheat products), yet the economic surplus which makes the difference between prosperity and stagnation comes chiefly from the export of wheat.

Mark Twain complained that, while everybody talked about the weather, nobody ever did anything about it. Certainly everyone on the prairies and many people in other parts of Canada talk about the weather with pressing

The Wheat Crop of 1925

interest and anxiety during the growing season; and, in spite of the periodical efforts of rain-makers to ply their strange trade, no one seems to have succeeded in doing anything really useful about it. On this year's season the *Manitoba Free Press* comments:

The crop has passed through many vicissitudes. Some were: in many sections a rather late cold spring; extensive cutworm damage over very large areas; some wireworm in portions of Alberta and Saskatchewan; extreme drought and heat in the latter part of June and the early part of July over practically all the prairie provinces, but most severe in south-western Saskatchewan and southern Alberta; hot nights in all the provinces, a most unusual occurrence; a great deal of western stem sawfly; two kinds of root rot; considerable stem rust; hail damage, not above the average of other years, but more totally destructive in the areas touched; a little frost in some sections in August. Rather a formidable array of troubles for one crop, but neither more numerous nor more serious than fall to the lot of wheat crops in countries other than our own. . . . Apart from Russia, the whole of wheat-producing Europe could be put into the prairie wheat areas and leave a margin, so that it is not surprising that at some time or other it has all the ills that wheat is heir to but yet produces a crop.

And in spite of all, this year's crop is very good. The latest estimate is that close on 400 million bushels of wheat have been grown in Canada in 1925, of which some 370 millions come from the prairies, and nearly 235 millions from the vast granary of Saskatchewan alone. Last year's total was only 262 million bushels, and the average yield per acre was 11.9 bushels against 17.8 this season. The product will probably be about equal to that of 1922 (400 million bushels), and will have been surpassed only by the immense harvest of 1923 (474 million bushels). Large increases over last year are also shown in the estimates for other grain crops, and the bounty of Nature has not been confined to the western provinces alone. The weather in the West unfortunately broke almost as soon as harvesting was completed, and at the time of writing a considerable portion of the crop still remains in stook in the fields. As

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yet very little damage seems to have been done, but unless the grip of approaching winter is relaxed for two or three weeks many farmers will be unable to get their thrashing accomplished before the spring, and their grain will deteriorate in quality.

On the whole, however, in quantity and quality the crop is well above the average. But a good crop with prices low may be no better for the individual farmer or the country at large than a poor crop with prices high; last year's meagre harvest probably sold for almost as much as did the record yield of 1923. So far the price of wheat has held up well, though it is a good deal less than at the corresponding period of 1924. It is still too early to guess at the cash value of the crop, but it may be said with confidence that agricultural conditions in the western provinces are better than they have been for some years.

Canada. October 23, 1925.

POSTSCRIPT.

The elections have now taken place. The state of parties is, we understand, as follows:

Conservatives ..	117	Progressives ..	23
Liberals	102	Independent ..	3

It was announced in *The Times* of November 6 that Mr. King's Government would continue in office and meet Parliament.

EDITOR.

AUSTRALIA

I. THE SEAMEN'S DISPUTES

RECENT reference has been made* to the sorry series of industrial disputes which disorganised Australian coastal shipping towards the end of last year, and which were "settled" by agreement in January 1925. Since then the whole seafront has once again been reduced to disorder by a further series of strikes of which the first related to coastal shipping and was "settled" by an agreement intended to remain in force for a period of two years, and the latest relates to overseas shipping, and while still unsettled has been one of the principal causes in precipitating a Federal election. In the first of these series the main source of friction has been an attempt of the seamen to exercise "job control." This expression was defined by the Arbitration Court to include

any attempt by members of the organisation (*i.e.*, the Seamen's Union) to enforce industrial conditions other than those prescribed or recognised by the Court or by the Navigation Act or any competent authority thereunder, either by refusing to offer for or accept work on any particular vessel or vessels, by refusing or failing to carry out the work on any particular vessel or vessels, or by any methods other than those provided by the Commonwealth Conciliation and Arbitration Act, or by the methods of ordinary negotiation.

If, for instance, the seamen of a particular ship refused to work that ship until one of their number, who had been

* THE ROUND TABLE, No. 59, June 1925, p. 583.

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discharged for drunkenness, had been re-employed, that would be an attempt to exercise "job control."

Despite agreements with the shipping owners that "job control" tactics would be abandoned the seamen persisted in the practice. As a result of this several ships were "tied up" and the owners again approached the Arbitration Court in an application to deregister the union. On this occasion Mr. Tom Walsh, the union's president and spokesman, informed the Deputy President of the Court that the union did not oppose the application, and the Deputy President, after referring to the "foreign ideas" which were at the root of the trouble, granted the application. The chief practical effect of deregistration of the union was to put it outside the scope of the award which had hitherto established rates of pay and working conditions for the protection of its members. It has never been disputed that these rates of pay and conditions are better than those prevailing in any other maritime service in the world. After deregistration, which took place on June 5, 1925, the steamship owners were free to engage labour by individual bargaining without reference to the award.

In the strike that followed shortly after the deregistration 23 vessels were rendered idle and about 1,000 seamen and 6,000 workers in closely related industries were thrown out of work. The strike lasted for about seven weeks and, though the refusal of the owners to incorporate the award in contracts of employment was the original source of conflict, the principle of "job control" soon emerged as the chief of several points that were keenly contested. Unionists generally throughout Australia did not appear to be in real sympathy with the strike. Mr. Lang, the Labour Premier of New South Wales, who has expressed himself in strong terms as to the menace of Communism to the Australian Labour movement, was prominent in endeavouring to secure an amicable settlement. Mr. Charlton, leader of the Opposition in the Federal Parliament, in an appeal to the Prime Minister to intervene,

The Seamen's Disputes

expressly disavowed any intention to discuss the merits of the dispute, and the words were significant. Finally, the Melbourne Trades Hall Disputes Committee opened negotiations on the basis of the abolition of "job control," and a settlement was hastened by the intervention of the transport group of unions which, in addition to framing terms, guaranteed to bring pressure to bear on the seamen if these terms were not observed. The owners secured in addition to the abolition of "job control" the abolition of the roster system under which men would have to be taken for employment in rotation. The owners on their part agreed to incorporate in the articles the main conditions of the cancelled award, to allow a four hour period monthly for the men to hold stop work meetings, and to pay wages fortnightly.

At the height of the strike trouble, prompt and very decisive measures were taken by the Commonwealth Government to meet two of the most threatening dangers. It introduced two Bills, one to amend the Navigation Act, and the other to amend the Immigration Act. The last mentioned Bill contained, *inter alia*, two provisions designed to enlarge the powers of deportation. One of these provisions is directed at persons not born in Australia who have been convicted of an offence against the trading or industrial laws of the Commonwealth. Such persons may be deported if the Minister is satisfied that the acts constituting the offence were directed towards obstructing production of goods or transport services, and that the presence of the offender is injurious to the peace, order and good government of the Commonwealth. The other provision extends to persons seeking to disrupt the industrial life of the community the liability to deportation previously existing in respect of persons who advocate the overthrow by violence of established government, and who commit analogous offences. In each instance the Minister must be advised by a Board of three persons before whom a supposed offender is called upon to show cause why he should not be

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deported and who are required to make a full investigation. The amendment of the Navigation Act enables the Governor-General in Council to suspend by proclamation in times of public emergency the provisions of the Act requiring, in effect, the observance of Australian rates of pay and conditions of work in ships engaging in the Australian coasting trade. In such a case Australian coastal services could be maintained by non-Australian vessels manned by crews serving at non-Australian rates. Both these Bills were forced through Parliament in the face of determined opposition, and there is no doubt that the Government has gained in prestige as a result of its firmness. Meanwhile, all persons interested anxiously watch the seamen, whose present temper appears to be as unstable as the element on which they earn their living.

The strike among the crews of British vessels in Australia came as a complete surprise, and as it developed has caused grave concern to political, industrial and mercantile interests. On the night of August 20 a meeting was held in the Communist Hall, Sydney, with Mr. Tom Walsh, President of the Australian Seamen's Union, in the chair, and the body of the hall filled with the crews of eight British ships then in Sydney. Leading officials of the Australian Seamen's Union and prominent Communists were also present. A strike was decided upon, to commence forthwith, as a protest against the reduction from £10 to £9 per month in the wages of British seamen. This reduction had been arranged on July 3 in a "constitutional" way under the authority of the British National Maritime Board, and the arrangement had been confirmed by the Executive of the British Seamen's Union on July 21. The contracts of all seamen who had left English ports prior to the reductions contained a clause whereby the seamen agreed to be bound by any change in rates so effected.

The Australian public was astonished to find that the Australian Seamen's Union was prepared apparently to promote and certainly to sustain a dispute with which it

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had no concern. The strike came also as a bombshell to the owners, who had received no complaints nor any intimation of dissatisfaction. The cables soon revealed that the strike was not confined to Australia, shipping in England and South Africa being similarly affected. In Australia several thousand British seamen were soon on strike, and ships were tied up in various ports. The Government took a grave view of the situation from the outset, and attention was called to the general loss and suffering that would ensue if Australian produce, including much perishable material, were indefinitely held up from export. On August 24 a proclamation was issued in terms of the deportation provisions of the Immigration Act above referred to, proclaiming a state of serious industrial disturbance prejudicial to the peace, order and good government of the Commonwealth. Shortly afterwards a Board of three persons was appointed, but some delay in the deportation procedure was caused by reason of the fact that Mr. Lang, Labour Premier of New South Wales, refused in effect to allow the police of that State to serve the summonses that the Commonwealth Government desired to issue. Mr. Bruce promptly introduced a Bill in the Federal Parliament providing for the appointment of peace officers, and forced it through both Houses after several days of stormy debate. Some members of the force were then appointed, and Messrs. Walsh and Johnson were brought before the Board to show cause why they should not be deported. These proceedings are still in progress. The owners are prosecuting many of the seamen for failing to obey their lawful orders, and large numbers have been sent to gaol for short terms.

In the course of the debates on the deportation proposals and on the subsequent Bill for the appointment of peace officers, Mr. Charlton, the Labour leader, frequently challenged the Government to hasten the Federal elections, due normally in March or April 1925, and to ask for an immediate endorsement of its policy. Mr. Bruce for a

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time refused to commit himself, but on September 18 he announced that the elections would be held in November, and polling day has now been fixed for November 14. Details of the Government programme have not yet been announced, but in general terms Mr. Bruce has stated that he will ask for full power to deal with Communism, and with all attempts to subvert constitutional government. His case is based mainly on the successive shipping strikes, on the resistance offered to his proposals by the Labour party in the Federal Parliament, and on the refusal of help in carrying them out received from the Labour Premier in New South Wales. But undoubtedly it has been strengthened by a recent strike among the employees of the State railway in Queensland, where a Labour Government is in power. There the railway service of the State, including the transport of mails, was completely at a standstill for some days while the employees forced their demands on the Government, which at first resisted and then capitulated. Queensland has a most liberal arbitration system, but the employees refused to have their claims put before the Court or to allow public services to be restored until their demands for a higher wage were conceded, and they were allowed the right of holding stop work meetings practically when they pleased. In view of these four disturbances and of the failure of Labour Governments and Labour leaders to take any effective steps to repress them, Mr. Bruce claims that he is entitled to ask the country for an expression of its disapproval of Communism, and of the refusal of the strikers to avail themselves of the methods of settlement provided by the Courts and by Parliament, and for a vote of confidence in his Government. If the electors were to accept the issue as Mr. Bruce has stated it, there could be little doubt of the result of the elections. Although Communism has been loudly professed and industrial arbitration denounced during the recent strikes, private property is so widely diffused in Australia, and trades unionists have benefited so much by

Visit of the American Fleet

legislation, that there could be no prospect of a vote in favour of revolution. But the Labour party will do its utmost to prevent Mr. Bruce framing the issue. It will dissociate itself from the advocates of Communism, will claim that its own leaders are better fitted than the present Ministers to deal with industrial disputes, will denounce the proposed deportations as tyrannical and unnecessary, and will endeavour to point out defects in the general record of the Government.

At the time of writing no policy speeches have been delivered and the party leaders are indulging in the usual expressions of confidence. The result of the elections will be known before this chronicle is published. It may be said here that while the deportation provisions and the enquiry now being held into a proposal to deport two of the strike leaders are viewed with misgivings by some of Mr. Bruce's supporters, the dissolution is regarded as a courageous and timely act which has strengthened his position.

II. VISIT OF THE AMERICAN FLEET

DURING the month of July the American fleet which had been concentrated in the Pacific for training and manœuvres visited Australia. The visit lasted for eleven days. For that time the fleet was divided, one portion under Admiral Coontz going to Melbourne, another under Admiral Robison to Sydney, while some of the smaller vessels were sent for a few days to Hobart. The fleet was the largest that has ever visited Australia, and many of the ships embodied the lessons gained by naval experts in the war. It therefore afforded enthusiasts an opportunity of comparing American developments with what they had seen previously on the *Hood* and the *Repulse*. What was perhaps of more importance to Australians was that they were enabled to see how the American navy is dealing with the problem of enlistment in competition with high wages

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in civilian occupations, and of training and retraining naval ratings under a short service system. The desire for an Australian navy was stimulated by the visit of the American fleet in 1908, and it has been confronted with both these problems throughout its existence. But the main interest of the visit was that it was regarded as a gesture of friendship on the part of the people of the United States towards the people of Australia. It was treated as such by the American admirals in their speeches, and was welcomed as such by Australian public men and newspapers, and by the people as a whole. No political significance attached to the visit, and none was sought to be given to it by the representatives of either country. During the visit the Federal Parliament adjourned so as to give members an opportunity of welcoming the fleet in their respective States. But most of the ceremonies and entertainments were non-political, the aim of the hosts being to allow two peoples who have so many ideals in common to be better acquainted with each other. The conduct of the American sailors made an excellent impression. The presence of so many young men on shore leave might have been expected to lead to trouble, but of this there was no danger, and the sailors earned a high reputation for good humour, discipline and clean living.

III. STATE GOVERNORS

THE approaching end of Sir Matthew Nathan's term of office as Governor of Queensland led the Government of that State in June last to initiate a movement for joint representations by the State Governments to the British Government in favour of the appointment of Australians to the office of State Governor. The project is a part of the "fighting platform" of the Labour party, and in this sense has been before the electorates. But it has not been made an "issue" at any election during the many years in which it has been included in the Labour pro-

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gramme, partly because it has not been deemed important enough to evoke any strong opinion, and partly because such opinion as existed was not on party lines. However, the existence of Labour Governments in five of the six States of the Commonwealth, including New South Wales, makes the conditions peculiarly favourable for the consideration of a matter in which uniformity of system is, if not essential, at any rate desirable.

The position of State Governors has been repeatedly discussed since the federation of the Australian colonies. In 1919 the Liberal Government of Victoria through the Treasurer, Sir William McPherson, who was then in London, informed the Secretary of State that "there was a strong and growing feeling, which the Government shares, that in future, instead of appointing a Governor, the office might be occupied by an Australian Lieutenant-Governor"; and Lord Milner gave a sympathetic answer.

The subject was raised again in 1920 during the conferences between the Secretary of State and the Labour Premier of Queensland (Mr. Theodore), and Lord Milner is reported to have given Mr. Theodore to understand that if a majority of the States declared in favour of a change in the method of appointing State Governors, the request would receive favourable consideration. In January 1921, on the occasion of the departure of Lord Stradbroke to take up the Governorship of Victoria, Lord Milner publicly declared that the British Government would not hesitate to give effect to the wishes of the Australian States should it be clearly demonstrated that there was a unanimous desire that in future the Governors of the States should be selected from residents in the Commonwealth.

In the State of Tasmania, at the beginning of 1924, the question whether there should be an "imported Governor" or a "local Governor or Administrator" was specifically raised by the Government in the Assembly on the estimates, and a vote by 14 to 12 in favour of a reduction by £1 was taken as an expression of opinion against an "imported

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Governor." The matter was discussed almost exclusively from the standpoint of economy, and the Labour Premier agreed that "in better times it might be quite advisable to appoint a Governor." The Legislative Council reduced the vote by a further £1 as an indication of their opinion in favour of an "imported Governor," and the Assembly disagreed with the amendment by 10 votes to 9. Ultimately both Houses concurred in an address to the Crown in favour of an "imported Governor." In Victoria during the present session a motion from the Labour party for the abolition of the office of State Governor was treated as involving the question of local appointments, and, opposed by the Government, was defeated on what was substantially a party vote by 29 votes to 27. The Victorian Government accordingly dissociated itself from the movement initiated by Queensland. The incident is worthy of note, since it was clear in the debate that Liberal or National opinion was less favourable to change than it was reported to be in 1919. Sir William McPherson, who had presented the views of the Government to Lord Milner in favour of the appointment of an Australian citizen, stated definitely that events which had occurred since 1919 had changed his mind on the subject.

The position of State Governors was considered in this Review,* in September 1920, and reasons for and against various methods of appointment were there set out. In the face of the declarations of the Secretary of State, which no doubt would be endorsed by his successors, there is no disposition to regard the present mode of appointing Governors as a withholding of full self-government, particularly in view of the practice of prior consultation *de personis*, which has long been in use. But there are many Australians who consider that persistence in the practice of looking overseas for a State Governor is evidence of a lack of confidence in ourselves, unworthy of a com-

* THE ROUND TABLE, No. 40, September 1920, pp. 901-904.

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munity professing democratic principles, and that even if a change contains the risk that we may fare worse, we ought not to shrink from the discipline. For some of the disadvantages which may be associated with local appointments, reference may be made to the controversies which arose out of the appointment and the actions of Mr. Lennon as Lieutenant-Governor of Queensland.* Tasmania supplies more recent instances of a different kind.

The interregnum in 1924 which preceded the arrival of Sir James O'Grady as Governor was marked by widespread dissatisfaction with the action of the Lieutenant-Governor in assenting to an Appropriation Bill in the form in which it left the Assembly, and in spite of the fact that it had been amended by the Legislative Council.† In this case, the Lieutenant-Governor acted in accordance with the advice of his Ministers, with which apparently he concurred. But when ill-health compelled the Lieutenant-Governor to take leave of absence, the Judge who became Administrator of the Government provided a sensation for all Australia by making five appointments to the Executive Council without the knowledge of his Ministers. A vigorous protest from the Ministry and a refusal to concur evoked from the Administrator a proposal that the appointments should be held over pending the consultation of the Colonial Office. But it was subsequently announced by the Premier that the Administrator had admitted his error and that the matter would go no further.

In discussions on the subject of State Governors there is some confusion of proposals to abolish the office, and proposals which affect the method of appointment. The abolition of the office, not merely in name but in functions, is impossible without an amendment of the Federal Constitution, since the Governor of a State is there treated

* THE ROUND TABLE, No. 40, September 1920, pp. 905-907.

† THE ROUND TABLE, No. 59, June 1925, pp. 589-591.

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as an integral part of the Constitution of the States. The Labour party has long had this in its Federal programme, where it is associated with other constitutional reforms designed to establish the supremacy of the Commonwealth Parliament in all matters and to remodel Australian government on South African lines. Mr. Hughes, too, when he declares that State Governorships are "out of harmony with the spirit of the age" and, with State Agents-General, "lag superfluous on the stage," is thinking of fundamental changes in the Commonwealth Constitution. The opponents of unification, on their part, tend to regard any alteration in the position of State Governors as impairing the constitutional status of the States and the Federal system itself. The practical question of the moment is not the abolition of the office in this sense; it assumes a retention of the functions but involves their performance by some person who is an "Australian citizen" and not "imported," whether he be designated Governor, Lieutenant-Governor, or Administrator, a change which it is of course competent for the Crown to make without any alteration of the law. As yet, no explicit mode of selecting the "Australian citizen" has been adopted by the protagonists of change. Selection by the Commonwealth Government, on the analogy of Canada, would be out of accord with the very different relation of Commonwealth and State in Australia from the relation of Dominion and Province in Canada. Other objections apply to the suggestion that the Governor-General receive a commission as Governor of each of the States, which appears to contemplate that the ordinary duties of signing documents and presiding at Executive Councils should be performed by a deputy, while the more discretionary duties should be performed by the Governor-General in person. That the State Chief Justice should be *ex officio* administrator of the Government has been found to involve serious interference with his judicial duties; and the assignment of the functions of Governor to any office as of course

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would raise so many objections as to be impracticable. In fact, no other mode of selection than by the State Government is practicable. No one doubts that there are "Australian citizens" who could fill the office with dignity and discretion. But no one with any knowledge of politics can doubt that these qualities would have small weight against party exigencies and claims, particularly in view of a tendency to submit Cabinet questions to party meetings of the Government supporters in Parliament, and possible developments of the control of which there are already signs in Australia, of both Cabinet and its supporters, by some *extra*-Parliamentary body, with no guarantee for its representative character even in the party itself. A Governor or Administrator selected by Executive Government could command no general confidence as the constitutional head of the Government; and the representative of the Crown, which constitutionally stands above the divisions of party as a symbol of unity, would become an emblem of party itself.

This would be so, even if the Governor had nothing to do but to follow the advice of his Ministers, to be the "rubber-stamp" for executive acts and for assenting to legislation. But he has important duties—which demand the exercise of a personal judgment. In a political crisis he must determine whether a dissolution should be granted to a defeated Ministry, and to whom on the resignation of a Ministry the task of forming a new Ministry should be assigned. Even if established constitutional practice should be altered as to the first—which is not seriously desired either by the Legislatures or the electorates—the choice of successors is not a matter that can properly be left to an outgoing Ministry. In New South Wales there is still a nominee Legislative Council, and an uncertain discretion remains to the Governor as to making appointments. In any State he may have to refuse to assent to proposed executive acts of an outgoing Ministry, such as appointments to office. Even in matters of law, while in

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cases of doubt he must be guided by his law officers, there may be cases in which the illegality proposed is so flagrant that the Governor should decline to act on the advice presented to him—if, for instance, his Ministry should advise him to give the Royal Assent to a Bill which had notoriously not been passed by the Legislature. If, as Dicey says, the conventions of the Constitution rest ultimately on the law of the land, it can never be the Governor's constitutional duty to do an illegal act. In short, the Governor is still the guardian of the law and of the Constitution: if he ceases to be these, he ceases to be the constitutional head of a Government in any real sense, and may become the mere instrument of usurpation and revolution.

In all these matters the action of the best of "local" Governors would be liable to the suspicion of bias on the part of those who disagreed with it. But it is probable that a party Governor would be expected by his party to use his powers frankly for the advantage of his own party and the embarrassment of his opponents; and a change of Government would almost certainly come to involve a change of Governor.

Responsible government has rested so much on understandings built up on Parliamentary experience that if it is to continue it must be either on their acceptance by both sides as part of the rules of the game or on some security outside party. The prominence of a Governor's discretion in matters where the King appears to exercise none has been largely due to the less whole-hearted acceptance of the rules in the Colonies or Dominions than in Great Britain. With the sharper division of parties, and the growth of the direct influence of extra-Parliamentary organisations upon the action of government, the disposition to throw over the rules which mitigated party warfare has increased. The security for constitutional government is thus likely to be more and not less associated with confidence in an impartial exercise of the powers of the Governor. In such an exercise of his powers the

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Governor is not to be regarded as acting as the representative of the British Government, or as an instrument of Imperial control. He is essentially a part of the machinery of self-government in a constitutional system which is not Presidential, and in which the successful assimilation of parties has been connected with their operation under a head who stands outside the parties. The substitution of a party head in a State would be an alteration of the system not less radical than the abandonment of the hereditary character of the Kingship in Great Britain. It would involve the re-consideration of a number of constitutional relations in which the British model has been adopted; the relation of the executive to the legislature, and the question of a Parliamentary or a rigid constitution. It is of course entirely for the State to determine the constitution under which it will live. But if the proposed change in the mode of appointing a Governor is a vital change of the Constitution it should not be made except after full consideration and upon an assurance that it is called for by the community. It is not a matter merely to be arranged by the Colonial Office and the Government which for the moment is in power in a State.

IV. MIGRATION FROM SOUTHERN EUROPE

AN Act passed by the Federal Parliament during its present session marks a noteworthy development of the policy of regulating immigration into Australia. Hitherto the restrictive provisions of the Immigration Act other than those which relate to the moral or physical characteristics of the individual migrant have been administered with the object of preventing an influx of population from Asiatic countries. The provisions are general in their terms. No race or country is specifically mentioned, but the test which legally may be applied to all migrants is in practice applied in such a way that all Asiatics are excluded except those who belong to certain classes,

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merchants, students and tourists, or labourers under permits to work in the pearl fisheries, and who are admitted by virtue of temporary arrangements between the Commonwealth and their respective countries of origin. The amending Act gives the Government power by proclamation to name countries immigration from which is prohibited or restricted, to specify the extent of the restriction and the length of time for which it may apply and to limit the ports at which migrants from the specified countries may land. The grounds on which this power may be exercised are that restriction or prohibition is necessary on account of economic, industrial or other conditions existing within the Commonwealth for the time being, because the persons specified are deemed unsuitable for admission or because they are deemed unlikely to be readily assimilated or to assume the duties and responsibilities of Australian citizenship.

The amending Act, like the principal Act, does not name any race or country but is avowedly aimed at giving the Government of the day power to restrict immigration from Southern Europe should the necessity for doing so arise. Mr. Bruce in introducing the Bill maintained that there was as yet no such necessity. Immigration is still sufficiently controlled by separate arrangements with the countries concerned. The Italian Government, which has a highly organised emigration department, has agreed to refuse passports to migrants who have not a certain amount of capital and are not nominated by some friend in Australia, who, if the immigrant intends to go to Queensland, the State most sought after, must be a landholder. The Maltese Government has agreed to restrictions which will prevent the number landing in any one State in any month being more than 20, the proper authorities in Greece, Albania and Jugo-Slavia have agreed to issue warnings of the difficulties before migrants who have no capital and speak no English, and to check the propaganda of shipping companies and immigration agents, and the British Consular

Migration from Southern Europe

Service has given its co-operation at the request of the Australian Government. The result of these efforts is that there is at present no danger of Australian racial purity being affected by any stream of migrants or of any of the dangers arising which are contemplated by the new Act. The number of Italian immigrants landing in any one year was highest in 1924, and was then 4,492. The British immigrants for the past twelve months were about 80 per cent. of the total, and the excess of births over deaths in Australia for the year was 82,000. The British stock is evidently holding its own, but Parliament has thought it necessary that the Government should be armed lest its general or local supremacy should at any time be endangered.

The occasion for the amending Act and for the arrangements with foreign Governments was the passing of the United States Immigration Acts of 1921 and 1924. These Acts were both intended to reduce the quota of immigrants from Southern Europe, with the natural consequence that some portion of the stream has been diverted to Australia. The increase which followed the passing of the 1921 Act in America aroused protests in Australia, and the charge was made that a Nationalist Government was conniving at or inspiring an attempt to lower wages and the standard of living. The figures now published show conclusively, firstly, that the influx from Southern Europe has never been a serious danger, and, secondly, that it has already been effectively checked. Its influence, however, has been felt in one part of one State, namely, in Northern Queensland, and in one industry, that of sugar growing. There a number of Italians own farms and a number, most of whom are recent arrivals, are employed in farming and cane-cutting. Their position has recently been investigated on behalf of the Queensland Government, to whom a report has been presented by a Royal Commission. The report is on the whole favourable to the Italian colonists, certainly to those who came from the north of Italy. They have been

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described as good colonists both by the present Premier of Queensland and by his predecessor, and they are evidently regarded as good unionists by the union officials. The defects charged in this report are four: that there is a tendency for the Italians to form clubs which prevent them from being assimilated with sufficient speed, that new arrivals remain on the farms of their countrymen where they work only for their food, that by concentrating in certain districts they are driving Australians from the occupation of cane-cutting which is seasonal and was formerly carried out by gangs passing from one district to another, that as new arrivals have not imbibed the union spirit and as a rule speak only Italian, it is difficult to ascertain whether or not they are observing awards or enactments relating to wages and hours of labour.

Probably the Commissioner's most serious comment on Italian immigration is that the number of new arrivals in Northern Queensland, some of whom had already been resident in the southern States, has aroused considerable anti-foreign feeling. He leaves, however, little doubt that the northern Italians are good colonists, and if settled on farms outside the sugar growing districts would be welcome additions to the population. Of the Greek, usually the restaurant keeper or the fishmonger of the country town, he says little that is good.

The Commissioner suggests that Australia should follow the example of the United States and regulate immigration by fixing quotas. The same scheme was favoured by some Opposition speakers in the Federal Parliament, where, however, discussion on the subject was curtailed owing to the interest aroused by the deportation clauses contained in this same Bill. Mr. Bruce's answer was that the quota system could not be administered without the establishment of a consular service, which would involve very considerable expense. Probably all that is either necessary or advisable is being done at present by separate arrangements with European Governments. The most serious objection

Admission of Indians to the Franchise

to the amending Act which is based, though with some important differences, on a Canadian model, appears to be this, that in the future the immigrants from some one country may be particularised as objectionable, and thereby the very cause of offence may be given which Parliament in its immigration legislation has always sought to avoid.

V. ADMISSION OF INDIANS TO THE FRANCHISE

DURING the last session of the Commonwealth Parliament a Bill was passed admitting to the Federal franchise all adult natives of British India domiciled in Australia. Hitherto Indians, in common with other aboriginal natives of Asia, had been debarred from enrolment as electors of the Commonwealth unless they had been enrolled as electors for the more numerous House of Parliament of a State prior to the passing of the first Commonwealth Electoral Act in 1902, and had retained their State enrolment ever since. As the franchise has been open to Indians in four out of the six States both before and after 1902, and as the number of Indians resident in Australia is only 2,300, the disability has been felt only by a limited class, and by one not capable of making itself heard with effect at election time. But the object of the Bill was not so much to redress a grievance as to redeem a promise made by Australia, in common with other Dominions. Both in 1921 and in 1923, the Imperial Conference, while acknowledging the right of each Dominion to exercise complete control over the composition of its own population by means of restriction on immigration, resolved that it was in the interests of the solidarity of the British Commonwealth that the rights of Indians, domiciled in the Dominions, to citizenship should be recognised.* As a fulfilment

The representatives of South Africa did not accept the resolution.*

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of this promise on the part of the Commonwealth the Bill was welcomed in the Federal Parliament by all parties. The number of Indians entitled to vote can never be large, for since the passing of the Immigration Restriction Act in 1901 none have been admitted except under permits lasting for from two to four years, and they cannot become domiciled.

VI. H.M.A.S. "BRISBANE" IN CHINESE WATERS

A MOMENTARY stir was created early in July by a reason of the anti-foreign rioting in China, and the presence in Chinese waters of the Australian cruiser *Brisbane*. The *Brisbane* arrived at Hong Kong at the end of June and for a time it seemed probable that she might be used in the hostilities that then appeared to be impending. The *Brisbane* was attached to the China squadron of the Royal Navy as an exchange cruiser in lieu of H.M.S. *Concord* which had been sent temporarily to Australia. This exchange of vessels, as also exchanges of personnel, is part of the deliberate policy of the Australian Government and is, of course, effected with the concurrence of the British Admiralty. The benefits, from the Australian point of view, lie in the wider opportunities of training afforded, as well as in increased facilities for co-operation by the vessels of both navies.

Cable reports of the fighting in Canton indicated extensive Chinese casualties from the fire of French, Portuguese, and British naval forces which had endeavoured to beat off the attacks of the Chinese rioters upon the European quarter of Canton. No information was published as to whether Australian naval forces had or had not participated, as they might presumably have done by sending a landing party, though the *Brisbane* could not have gone up the river itself, but the adjournment of the House of Representatives was moved by the leader of the Labour Opposition to discuss the matter. In the debate objection was taken by

H.M.A.S. "Brisbane" in Chinese Waters

the Opposition to the practice of exchanging naval units, and to the provisions for their control when the exchange had been effected. It was urged that, if the British admiral in command of the China squadron caused the *Brisbane* to fire upon a Chinese town, Australia would have committed an act of war without the authority or even the knowledge of the Australian Government or Legislature. It was also urged that the Canton riots were the result of the endeavours of Chinese workmen to improve their rates of wages and working conditions, and that any alien interference in such a matter was unwarrantable. The Prime Minister in his reply showed how beneficial to the efficiency of the Australian navy was the system of exchange of vessels and personnel with the Imperial navy. He stated that while vessels were on exchange they were under the control of the Governments to which they are transferred, but that they are not to be used in action without the consent of the Government to which they belong, save in an urgent crisis. That was the general formula which, by agreement of both Governments, controlled the situation caused by an exchange of vessels. As to the particular case of the *Brisbane*, the Australian Government had, in fact, consented to her being used to protect the lives and property of British subjects in China. Mr. Bruce reminded the House that among those British subjects were included many Australians.

So far as any public opinion on the incident was formed, there is little doubt that it supported the position of the Government. Nevertheless the occasion served to demonstrate the sensitiveness of a section of Australian opinion on the subject of the possibility of an "Imperialistic entanglement"—as even so doughty an Imperialist as Mr. W. M. Hughes characterised it.

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VII. FINANCE

TOWARDS the end of July the Commonwealth Government borrowed about £20,000,000. Of this £5,000,000 was raised in London and the remainder (75,000,000 dollars) in New York. The Federal Treasurer, Dr. Earle Page, stated that "the sum of £6,500,000 will be paid to the States immediately for their several developmental programmes, and the balance of £13,500,000 will be used to pay off a Commonwealth overdraft in London and to finance the Commonwealth generally."

The reasons for borrowing in America—a new departure for the Commonwealth Government—were given by Dr. Earle Page. He explained that recent loans raised by the Dominions and public bodies in London showed that the market there was not capable immediately of absorbing all the flotations, and that after full inquiry it was deemed advisable by the Loan Council to follow the advice of "the best financial authorities in London" and look to America for a portion of the present requirements. It seemed manifest, he said, that, had a large loan been placed in London, the favourable terms upon which the loan was being floated would not have been obtained. It is generally believed that an additional reason was the fear of the British Treasury and the Bank of England that a large London loan would lead to an export of gold and make it more difficult to maintain the newly re-established gold standard.

Although the Loan Council was "most reluctant to leave a market which had served Australia so well, and which may be looked on to supply a large portion of our future needs," it seems quite possible that, as the New York Press anticipates, a considerable part of those needs will be supplied by America. For England has not so much capital to invest as in previous years, and is being

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urged by statesmen and economists to invest a greater proportion than formerly at home rather than abroad, whilst America is both able and willing to supply our requirements, as was shown by the response to this loan, which yields little over 5 per cent. as against the 7 or 8 per cent. of many European loans. It seems unlikely that this would have any grave reaction upon Australian commerce and policy, for, of course, a New York loan does not necessarily involve any increase of trade between America and Australia, whilst the tendency has been for the bulk of such loans to be eventually absorbed by London investors. Nevertheless it is generally hoped that such a course will not be found necessary, and a reduction in the scale of public borrowing is urged, partly in order that London may be able to supply all or most of the future capital required from external sources.

Indeed, the whole question of loan policy is arousing considerable interest in Australia. On June 30, 1915, the total indebtedness of the Commonwealth and States was £380,354,499, or £76 5s. 6d. per head of the population. On June 30, 1925, the corresponding figures were £967,197,079, or £165 per head. During this period the annual interest charge has increased, in round figures, from £12,000,000 to £46,000,000, and is now equal to some two-thirds of the total revenue from Federal and State taxation. Moreover, this charge is almost certain to increase further even apart from any increase in the debt; for the average rate of interest payable at present is under 5 per cent. During the five years 1926-30 loans to the extent of nearly £300,000,000 fall due (£131,000,000 of this maturing in 1927); and the conversion of these loans, probably at a higher rate of interest, will add appreciably to the annual interest charge. For instance, the Commonwealth Government is at present inviting subscriptions to a loan of £67,000,000, bearing interest at 5½ per cent. This sum is needed to redeem the amount of 4½ per cent. War Loan, raised in 1915-17, which falls

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due upon December 15. Holders of this War Loan are invited to convert their holdings, and doubtless many of them will do so. The War Loan was free of both Federal and State income taxation; the present loan is free of State income taxation only. Nevertheless the whole operation, besides causing some disturbance in the money market, will clearly increase the interest burden.

Certain considerations make the situation somewhat less gloomy. In the first place, the increase in the "real burden" has been rather less than the increase in the nominal burden. The index number of wholesale prices was 1,604 in 1915, and 1,826 in March, 1925. In the second place, probably more than half the total debt is held internally. In the third place, there are certain assets to set against the debt. The Commonwealth Government's portion of the total indebtedness is just under £431,000,000. Some £311,000,000 of this is war debt, against which no tangible assets can be set, but most of the balance, together with almost the whole of the States' debt, has been spent upon public works and developmental purposes. For instance, the States have spent over £275,000,000 upon railways and tramways, which in some other countries are owned by ordinary companies, and do not help to swell the total of public debt. Upon the whole, most of the loan money expended, whether it is represented by revenue producing assets or not, has tended to increase the productive capacity of the country.

Despite these considerations, there is a very general feeling that the increase in the debt has been out of proportion to the growth of development. In 1913, the debt was just over £300,000,000; the "value of production" was £218,000,000. Ten years later the debt had more than trebled, but the value of production had only increased to £373,000,000. Moreover, the debt seems certain to continue increasing, for both the Commonwealth and the States appear to regard the annual raising of loans for current expenditure upon "public works" and "develop-

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mental purposes" as a settled part of their policy. It is difficult to see how this can be avoided without somewhat drastic changes in public finance, and, although doubtless it would be desirable to borrow less, this would involve curtailing expenditure or increasing taxation or both, and few Australian Governments which have done this during the last twenty years have survived.

Reference has been made to the Loan Council. This body was formed in May 1923, and has advisory powers only. Its functions are to determine the order in which the Commonwealth, the States, and the various public bodies created by State Legislatures shall come on the market within Australia, and to advise each Treasurer as to the rate of interest and other terms and conditions on which loans should be floated. It is clearly desirable to co-ordinate Australian borrowing and to prevent the States from competing with one another or with the Commonwealth, especially in the case of internal loans, as has happened in the past. The Loan Council was until recently composed of the Treasurer of the Commonwealth and the Treasurers of the six States; but when the Labour Government recently came into power in New South Wales, the Premier, Mr. Lang, decided to withdraw from the Council. He feared that this body might limit New South Wales' borrowing, and that a large loan might need to be offered at a higher rate of interest than a smaller (State) one. His fears, however, do not seem well grounded, for the Council has advisory powers only, whilst, of course, it could, if deemed desirable, distribute its borrowings over the year.

Australia. September 29, 1925.

POSTSCRIPT.

The Times (Nov. 18) foreshadows the election result as follows: Nationalists, 38; Country Party, 14; Labour, 23, if Mr. Theodore is defeated and the Country Party win Gwydir. Rosy Government prospects too are reported for the Senate.—Ed.

SOUTH AFRICA

I. THE BUDGET

THE Finance Minister in presenting his budget to Parliament was in the happy position of being able to announce "the first real surplus of revenue over expenditure which has been realised since 1919-1920." The revenue actually received amounted to £25,340,000, or an excess over the estimate of £1,106,000. The expenditure chargeable against revenue amounted to £24,540,000, leaving a surplus of £800,000. These figures, it must be understood, do not include the revenue and expenditure of the Railways and Harbours Administration. These have an independent budget of their own, which will be dealt with later.

The increase in the revenue collections over the estimate was due mainly to an increase in the customs of £247,000 and in the income tax of £586,000. Both these figures reflect a marked and welcome improvement in the business of the country as compared with the conditions which have had to be reported by Finance Ministers in the budgets of the previous four years, and the new Government would be more than human if it did not claim for itself the credit for this improvement. But whatever we may think about that, the fact remains that the budget is now balanced, the revenues from mining leases, which by law are payable to the Loan Fund, but which were diverted during the years of depression to meet current

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expenditure, have now been restored to their proper destination, and by a financial expedient, which will be discussed later, the accumulated deficits of these years of depression have been wiped out.

The expenditure from loan funds during the year was £11,665,000 and the net borrowings during the year—*i.e.*, after allowing for repayments and conversions and for reduction of the floating debt—amounted to £6,090,000, causing an increase in the total debt of the country from £208,232,000 to £214,322,000, of which temporary loans on Treasury Bills and Loan Certificates account for £18,990,000. As against the amount of the debt shown above over £15,000,000 of Union stocks are held by the Public Debt Commissioners for the sinking funds belonging to various loans, so that the net amount of the national indebtedness comes out at just under £200,000,000. This includes the loan funds appropriated to the capital account of the railways and harbours and also to the debts of the four provincial Administrations, as these are limited to borrowing from the Union Treasury. The balance of provincial indebtedness outstanding is about £7,500,000. Of the total amount of this debt, roughly 70 per cent. is represented by assets which return the interest on the loan funds invested in them, while on the remaining 30 per cent. the interest has to be provided from taxation.

The financial year of 1924-25 ended, as has been seen, with a surplus of £800,000. This was applied, in accordance with the law, in the reduction of the accumulated deficits of past years which had been carried over on the revenue account, and at the beginning of that year amounted to £1,918,000. The balance of these accumulations, £1,118,000, was disposed of by appropriating part of the surplus remaining in the hands of the Custodian of Enemy Property on the liquidation of his department. It may be remembered that the previous Government had dealt with the funds arising from the disposal of property vested in the Custodian of Enemy Property during the war by

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returning these (after certain deductions had been made) to the previous owners of the property in the form of certificates of credit redeemable in 30 years carrying interest at 4 per cent. per annum. These certificates were not made chargeable on the Consolidated Revenue Fund of the Union, but only on the funds in the hands of the Custodian—they have, however, been regarded for all practical purposes as Government securities. The Treasury has now liquidated the Custodian's fund and has taken over the assets and liabilities, so the certificates are now a direct liability of the Union. In the result it finds itself with a surplus of £3,419,000, which is to be used as follows—£1,118,000, as has been already stated, is to go to the extinction of the accumulated deficits on the revenue account; £700,000 is to be spent on roads and boring for water; £200,000 for land settlement purposes, more especially in the mandated territory of South West Africa, and the balance will be used in the extinction of debt.

For the new financial year the final figures of the estimated expenditure and revenue are—expenditure £26,546,000 and revenue £26,092,000, so that a deficit of £454,000 is anticipated. No provision is made to meet this. The Minister, in that spirit of optimism which is customary at the opening of a financial year, hopes to make economies which will reduce the amount, or hopes that the revenue may be better than his estimates. So far there has been no visible sign of economies, so that it would seem that his trust is placed on the other contingency.

When it became known that there was to be a surplus hopes were entertained that the new Government would signalise its first year of financial control by a reduction in taxation. The Labour party in particular had made great play with prospects of the limit of exemption from income tax being raised from £300 to £500. Hopes of an immediate return to the penny postage were widely cherished. In the end the only reductions which were granted were the abolition of the excise on pipe tobacco (this a concession

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to the small grower of the lower grades of tobacco) and the return to the penny postage from January 1 next. These two remissions, however, were more than counter-balanced as regards the current year by estimated increases arising from the tariff rearrangements of £400,000 and from income tax adjustments of £200,000. This left the Treasury with an estimated gain on balance as regards taxation of £270,000.

The estimates of expenditure disclose an increase of £2,200,000 over the preceding year. Of this, however, nearly £1,000,000 represents increased subsidies to the provinces under the new arrangement of their financial relations with the Union Government, which is described in a later part of this article. It is, therefore, in the nature of a transfer of the burden from the shoulders of the provincial taxpayer to those of the Union taxpayer. The policy of the previous Government was that the provinces should be required, as part of a new arrangement, to bring about a considerable reduction in their expenditure. The arrangement made with them by the new Government, however, relieves them from this condition. The subsidy payable to each province by the Union Government is now based on a fixed amount *per capita* of the pupils in schools maintained or subsidised by the province, with an addition in the case of Natal and the Orange Free State of £75,000 as a special subsidy in lieu of the £100,000 which was paid to each of these provinces under the Act of 1913 over and above the normal subsidy. It is probable, however, that the provinces, now that they have been for the time relieved of their financial troubles, may find the path of economy even harder to follow than before, and in that case they will either have to get the basis of the subsidy increased or proceed to raise additional revenue by taxation.

The budget did not entail any new taxation on a serious scale, but it foreshadowed several important readjustments in existing fiscal measures. The most important of them was a complete revision of the Customs Tariff. This

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was dealt with in the previous number.* Next in importance to this was a revision of the system of native taxation, with a view to establishing uniformity in the taxation of natives throughout the Union, and at the same time to providing a fund for the extension of native education and for the improvement in other respects of native conditions. The former Government had taken the first step in this direction by taking away from the Provincial Councils the right to impose taxation on natives. As a corollary to this the Financial Relations Act of 1922 provided that the provinces should spend on native education not less than they had spent in the previous years, and that all additional expenditure would be provided by the Union Government out of funds which it was intended to raise by native taxation. This provision has now been repealed, and the provinces are now left to make provision for native education with the assistance of grants out of the fund created by the new taxation on natives. For the year 1925-26, as the new taxes only come into force on January 1, 1926, these grants will be paid from the Treasury, and will amount to £340,000, of which £240,000 will go to the Cape Province.

The new native tax is a poll tax of £1 on every able-bodied male native who is not subject to income tax, and in addition a tax of ten shillings on every native occupier of a hut or dwelling in a native location. By native location is meant practically lands granted or reserved for the use of native communities. Natives who occupy lands on quit-rent title—*i.e.*, in individual, as opposed to tribal, tenure—are exempt from this tax. This tax is called the “local” tax as distinguished from the general tax of £1, already mentioned. Of the revenue raised by the general tax, four-fifths is to go to the Treasury, as the equivalent of the revenue which it receives from the native taxes which are now being superseded. The balance is to

* THE ROUND TABLE, No. 60, September 1925, p. 820.

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go to a fund called the Native Development Fund, from which are to be provided the grants to the provinces in aid of native education and advancement. The proceeds of the local tax are to go to the local Native Councils established for the areas where the tax is collected and, where there are no such councils, to the Native Development Fund. The revenue to be derived from the general and local tax is estimated at £1,125,000 and £290,000 respectively. The new taxes will mean a substantial increase to the direct taxation of natives in the Cape and Natal. In the Transvaal, however, the natives living in urban areas will be relieved to the extent of £1 per head.

Another important measure of revision was the enactment of a uniform system of trade and professional licences for the Union. The revenue from these licences goes to the Provincial Councils, and the existence of different rates of duty as between one province and another gave rise to great inconvenience. The new Act imposes one schedule of licence duties for the whole Union, but the proceeds are handed over to the Provincial Councils.

A new Consolidated Income Tax Act was passed, but the actual changes in the incidence of the tax are small. The dividend tax has been abandoned, and companies now pay tax at the full rate applicable to them on the whole taxable income without reference to its distribution as dividends. The estate duty introduced by the previous Government in 1922, which was strongly opposed by the Nationalist party, then in opposition, has been amended by raising the limit of exemption from £1,000 to £7,500; but the estimated loss of revenue is to be made up by a steepening of the graduated rates applicable to the larger estates.

Except for the new arrangements as to preference in the Customs Tariff, the budget as a whole gave rise to little controversy. It was generally regarded as being based on sound and conservative principles, and the most

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serious objections to it came from the Labour allies of the Government. The new Minister has thrown himself with energy into the work of his department, and has succeeded in passing through Parliament during last session an unusual amount of constructive fiscal legislation.

Railways and Harbours

The deficits accumulated on the revenue account of the Railway and Harbour Administration during the years of depression had been reduced at the end of the financial year 1923-24 to £770,000. The estimates for the year 1924-25 forecast a surplus of £212,000, so that the year was expected to end with an accumulated deficit still on hand of £558,000. The actual results, however, were much better than the estimate. The actual surplus at the end of the financial year, in spite of an unexpected increase in expenditure of about £240,000, mainly owing to damage by floods to the permanent way, amounted to £765,000, which brings the accumulated deficits to the negligible figure of £5,000.

The estimates for the current year provide for a revenue of £23,783,000 from the railways, as against an expenditure on working expenses, depreciation, and interest on capital, of £23,278,000. For the harbours the revenue is £1,364,048, as against an expenditure of £1,190,000, and on the three steamships which are run by the Administration there is an estimated profit of £21,000. The net result, therefore, of the estimates for the Railway and Harbour Administration is a surplus of £700,000. Against this it is proposed to spend £500,000 on capital works and £262,000 as a contribution towards a deficiency in Pension and Superannuation Funds, so that after providing for the small balance of the accumulated deficits left undisposed of at the end of last year the Minister's estimates for the current year show a deficit of £66,000.

The Provincial Experiment : A New Stage

With the return of the railways to profit-making conditions, a demand is being made for further reductions in railway rates. The rates are still from 35 to 40 per cent. above pre-war level, and in a country such as this, with no water transport, cheap railway freight is of vital importance. Two things stand in the way of an immediate reduction. In the first place, there is a demand from the Labour side of the Government coalition for an all round eight-hours day for the operating staff, and for improved pension scales, and a general tendency to swell the number of European employees. Secondly, there is the fact that the Government has got Parliamentary sanction for the building of upwards of 900 miles of new lines, the great majority of which will not, at any rate at first, be profit-earning, but, on the contrary, will be a drain on the remunerative portions of the system.

II. THE PROVINCIAL EXPERIMENT : A NEW STAGE

RECENT events in Canada and Australia would seem to point to a certain instability in federal constitutions as adopted in those Dominions. The history of the provincial experiment in South Africa will show that even a constitutional union does not escape the same disturbing conflicts between the claims and necessities of the central Government and the pretensions of the local administrations. But in one important respect South Africa is more fortunately placed than her sister Dominions. She can deal with such difficulties without radical alteration of the Constitution. Hence the history of the provincial experiment is to be read in the reports of the proceedings of the Union Parliament and of the various Commissions which the Union Government has appointed from time to time to inquire into its working. The whole of the present system could be abolished by Parliament within the powers which it possesses under the South Africa Act.

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Although a strong body of opinion exists which would favour such abolition, no political party has yet dared to adopt the proposal as a matter of practical policy. Both Government and Opposition are agreed that the system must continue for the present and the practical problem remains, that of securing real control—especially financial control—by the Union Government over the provinces, without impairing the efficiency of the provincial administrations. The policy of the Smuts Government during the long depression was to force economy in provincial administration by curtailing subsidy. The resulting outcry against “starvation” of provincial services and against the accompanying threat of increased provincial taxation was one of the main causes of the late Government’s downfall. Hence the present Government entered upon office pledged against any radical handling of the provincial system and in favour of an increase of subsidy.

In the March issue of *THE ROUND TABLE** an account was given of the basis of settlement which was adopted by a Conference of Union Ministers and provincial representatives towards the end of last year. This settlement has now been carried into effect, with very little alteration, by the Provincial Subsidies Act which was passed in the recent Parliamentary session. As the main details of this settlement have already been given (in the March issue), and some of them are referred to elsewhere in the present issue, it will be sufficient here to indicate the chief provisions of the recent Act, and to speculate a little on the probable consequences.

1. Provincial subsidy is now calculated on a basis represented by the “reasonable” cost of the administration of education so far as this is carried on by the provinces. The calculation is determined by a scheme of capitation grants as laid down in a schedule of the Act for each type of pupil in each province. It should be noted that the subsidy

* *THE ROUND TABLE*, No. 58, March 1925, p. 394.

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thus voted is not *appropriated* by Parliament to the purposes of education. The cost of education is merely the basis on which the subsidy is calculated.* The money itself goes into provincial revenue to be employed as the provincial authorities determine.

2. A further schedule specifies in detail the forms of taxation which Provincial Councils are still permitted to impose. These include, *inter alia*, licences, auction dues, wheel-tax, amusements tax, totalisators, taxes on persons, importers’ licences, and taxes on companies (excluding mutual insurance companies). Further, even within this range, powers are restricted. Licences are to be made uniform throughout the Union. Provincial income tax is to be limited by a fixed maximum ratio to the amount payable as Union income tax. Taxes on companies and importers’ licences are also limited by a fixed maximum.

A special provision made in the case of the Transvaal Employers’ Tax is illuminating, not to say ingenious. It is provided that the total subsidy payable to the Transvaal shall be reduced by an amount equivalent to the proceeds of such Employers’ Tax so far as it arises in respect of persons engaged in mining. So the Transvaal Provincial Council preserves its right to tax the mines in this form and at the same time loses all financial reason for doing so ! The insertion of such a provision opens up interesting possibilities. If there are to be many more instances where the Union Government finds it administratively undesirable that a province should impose a certain tax and politically undesirable to forbid it to do so, we may see quite a little list of taxes which provinces may impose provided they draw no profit from them !

The general prescription of the taxes which a province may levy is, in form, a repeal of the provision of the South Africa Act, which grants to the provinces general powers

* But it is a proof of the fact that “education other than higher” is the sheet-anchor of the whole provincial system.

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of direct taxation. For this reason the new Act must be specially reserved for the King's consent.

The effective substance of the Act is to be found in the two main provisions above described. It remains now to indicate certain consequences, some certain and immediate, others more remote and less certain.

Provincial subsidy goes up to nearly £5,400,000, an increase of about £950,000. If we add to this a sum of £188,000 in respect of institutions for "vocational" education transferred from provinces to Union, we get, as a result of the whole transaction, an increase of nearly £1,140,000. The normal increase of subsidy under the earlier Act would have been about £126,000. Hence we are faced with a net increase of over a million. Against this has to be set about £160,000 saved to the provincial taxpayer by the abolition of certain taxes, and the amount may be more. Whether there will be other savings on actual provincial expenditure is not at all certain. The amounts which the provinces will save on the transferred vocational schools will probably be diverted to other expenditure. And the "vocational" institutions may well cost the Union Government more than the £188,000 which appears on the estimates. It is difficult to avoid the conclusion that the total cost of government has been increased by an amount that cannot be much less than a million as a result of the settlement. Revenue is buoyant just now and economic prospects are good. But the capitation basis must involve considerable automatic increase of the subsidy each year and experience shows that the provinces spend to the limit of their resources. The Minister of Finance in introducing the Bill was obviously a little uneasy, in spite of an attitude of resolute optimism.

The *political* possibilities of the new system may be even more momentous than the financial ones. For, on the one hand, Parliament votes away to the provinces one-fifth of the national revenue to be spent in ways which are not really under Parliament's control, while, on the other hand,

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the provinces raise a smaller proportion than ever of the money they spend. If we add to increased subsidy the amount accruing from "assigned" taxes—*i.e.*, taxes levied by the Union Government, but assigned to the provinces—we get an amount which, in the case of certain provinces at least, must cover 80 or 85 per cent. of their total expenditure.* This fact reduces to very little the force of the Minister's reply to an objection against provincial extravagance that the taxpayers could turn out the Provincial Council. In so doing they would not be turning out the body which really raised the money. There can be no doubt that the pretensions and paraphernalia of Provincial Councils are now more than ever out of proportion to their real authority and responsibility.

Another factor which is certain to grow in importance is that of expenditure on education. In some form or other Parliament has set aside this year for education very nearly *one-fourth* of the total revenue. Over the expenditure of a great deal of this it exercises very little real control, for there is no central education authority with a function similar to that of the Board of Education in England. Moreover, the attempt to separate out from the rest "vocational" education and to transfer it to Union may lead to confusion and waste. It will certainly lead to increased expenditure. In the debate General Smuts emphasised what has long been realised by those who have studied the matter, that South Africa is so placed that she must inevitably spend heavily on education. The coming industrialisation of a country so complex socially and economically, and so widely varying in its standards of life, must bring with it the gravest dangers to the very existence of a civilised order. As one weapon of defence we are to have a very powerful Wages Board (as described in another section). But in well-planned and wisely administered schemes of education must lie the chief hope

* The old story outside of the Cape: central funds and local powers of expenditure.

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of security. The danger is not that too little may be spent, but that it may be spent to too little effect owing to the want of co-ordination that arises from the absence of a central administrative authority to control the expenditure of the money voted by a central legislative authority. Further, the new problems that will arise as industrialisation proceeds require a single-minded authority in close and vital touch with the all-powerful economic facts, if education is to be wisely adjusted to its proper ends. Of the lack of such adjustment, particularly on the economic side, we are becoming painfully conscious.

It seems to have been generally felt in the debate that the provincial system was now to have its last chance. Indeed the Minister of Finance practically said as much. More and more we are becoming conscious of the inadequacies and unrealities of the system, and of the extent to which its development has departed from the intentions of its founders. On the historical side General Smuts was most illuminating. He said :

I don't believe that the provincial system was a fundamental part of the South Africa Act. I don't think it was so conceived by those who took part in the National Convention, and the character of the arrangements made in the South Africa Act make it clear that the step was not final. The financial part of the provincial arrangement which was most important and difficult was left over to be dealt with by Parliament at some subsequent date. We may take it the provincial system, as embodied in the South Africa Act, was an experiment, and was looked upon as an experiment to be justified by the course of events.

And again :—

The system as embodied in the South Africa Act was largely the work of Mr. Merriman and myself, but we looked upon it as an experiment to be resorted to in order to satisfy the feelings of the two smaller provinces. Our idea was different from what has eventuated. Our idea was that the Provincial Councils should be entrusted with a number of important functions, essentially of a non-party character. The basic idea we had was that party politics would not become a prominent idea of the provincial system.

The Wages Act of 1925

If the expression is permissible, let us say, "grease to ease the slide into Union." But the grease has become sadly contaminated with party grit and has failed to achieve its predestined function. The experience of the next few years will probably be either that the friction of the grit may force the elements apart to the point of Federation as against Union or, as is more likely, the decline in prestige of Provincial Councils, and the increasingly urgent need for authoritative control in vital matters will compel centripetal force to do what the method of the greased slide has failed to do. And grease is certainly expensive !

III. THE WAGES ACT OF 1925

TO the student of social legislation who regards the Dominions as experimental laboratories in which he may find examples of the most advanced types of labour regulations in force in the British Commonwealth, or for that matter in the whole civilised world, Australia and New Zealand rank first. They are followed at a distance by Canada, and last of all, so far in the rear as to be almost an exception to the generalisation, by South Africa. Apart from the mines, industrial developments are very recent growths in South Africa, resulting as they have from the difficulties of obtaining supplies of manufactures during the war. The trade union movement, however, has grown as rapidly as industrial development since 1914, and in recent years an increasing proportion of the time of the Union Parliament has been occupied with industrial legislation. South Africa has been making up the leeway, and the new Department of Labour is already entrusted with as many important Acts as its present staff can administer efficiently. In 1918 were passed the Factories Act and the Regulation of Wages, Apprentices and Improvers Act (now repealed and superseded by the Wages Act of 1925), in 1921 the Juveniles Act, in 1922 the Appren-

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ticeship Act, in 1924 the Industrial Conciliation Act, and this year the Wages Act.

The new Wages Act contains one or two novel provisions which fully uphold the reputation of the Dominions for originality in this special sphere of legislation. It will not come into operation until the report of an economic and wage Commission which is at present receiving evidence has been published, and it would consequently be out of place here to attempt to pass judgment upon the machinery which is to be set up, for its precise method of application has still to be made clear; but nevertheless a brief summary of the present position will not be inappropriate.

With the exception of the Regulation of Wages Act of 1918, the attitude of the South African Government has been to abstain from interference with questions of wages, hours and working conditions, leaving them to be settled by bargaining between the employers and the employed. The 1918 Act applied to women and young persons in certain occupations, but it has proved inadequate. The Wages Boards set up did good work, but, partly from fear of the consequences, the employees in the trades affected were not able to secure satisfactory representation. In pre-Union days there was little need for conciliation or arbitration machinery outside the Transvaal, and Canadian rather than Australian precedents were followed in the Transvaal Industrial Disputes Prevention Act of 1909, which made provision for conciliation machinery, resulting in the formation of joint boards of reference in various industries. After the Rand disturbances of 1922 the Mining Industry Board recommended the establishment of permanent conciliation machinery for the gold and coal mines, and these came into operation on October 1, 1922. The principle was extended to all undertakings, excepting the public service and agriculture, by the Industrial Conciliation Act of 1924, which provided for the establishment of Industrial Councils, or of conciliation boards, consti-

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tuted in the usual way, and possessing the usual powers of appointment of umpires in certain cases.

Whilst it has been fully realised that compulsion in any form is as likely to make disputes as it is to solve them, there has nevertheless been a fair amount of agreement that conciliation machinery in itself is not enough. Trade unions are loth to yield the tactical advantage which they may enjoy by a sudden stoppage of work, and the 1924 Act forbids a strike pending a decision by the Industrial Council. On the other hand, either side might obstinately refuse both to make a concession and to submit the dispute to arbitration. Yet a provision for compulsory arbitration becomes farcical if a large body of men refuse to accept the award, and the presence of such a provision on the statute book will be injurious to the general respect for law if it is to remain a dead letter. In his discussion of the relative merits of conciliation and arbitration, when moving the second reading of the Wages Bill, on March 30 this year, the Minister of Labour showed that he was fully alive to the dangers: "I feel that we cannot rely entirely on the one principle or the other; we must accustom ourselves to use possibly a little of both ideas."

The element of compulsion is introduced by the Wages Act. Its relation to the Industrial Conciliation Act is not unlike that of the English Trade Boards to the Whitley Councils. Employers and employed can escape from the vigilance of the Wages Board by making their organisations sufficiently effective for registration under the 1924 Act. Industrial Councils on a national scale are already established in the printing and the building industries, and a local council exists for the tailoring industry of Pretoria and the Witwatersrand. The Wages Act provides machinery, more effective than that of the Regulation of Wages Act of 1918 which it replaces, for those trades and occupations which do not at present come within the scope of the Conciliation Act or of the Apprenticeship Act.

The problem of maintaining civilised standards of life

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in unorganised occupations is more readily understood by the general public in South Africa, where the bulk of the population lives below that standard, than it has been in England, where it has affected few people outside the slum areas in the industrial districts. The Minister of Labour's speech on the second reading of the Wages Bill sums up graphically the anxiety which fills the minds of a large section of the white population :—

In the competitive wage production system, in a situation such as we have in South Africa, the lower civilisation will gradually drive out the higher civilisation. I believe there is room in South Africa for all of us, but I cannot understand any man who can dream that it can be in the long run good for either the civilised or uncivilised inhabitants of South Africa that the civilised population of South Africa should fail to keep their end up and have fullest opportunities for expansion in the country, which is their own. . . . If our civilisation is going to subsist we look upon it as necessary that our industries should be guided so that they afford any man desiring to live according to the European standards greater opportunities of doing so, and we must set our face against the encouragement of employment merely because it is cheap and the wage unit is low. This Bill is designed as one that will help in raising the status and efficiency of the worker.

Under the Act a single Wages Board is to be established for the purpose of advising the Minister. Including the Chairman, it will consist of three members, and in the original Bill it was intended that the Board should be the sole body operating for all industries throughout the Union. Thereby, at the cost of preliminary congestion, it was proposed to avoid the lack of co-ordination of guiding principle and the predominance of local opinion, which it was feared might result from the existence of several boards operating for different industries in different areas. If one bears in mind how imitative of each other similar bodies throughout the Empire have been in their wage regulations, the danger of one local board striking out on very original lines seems to be somewhat exaggerated. In committee a clause was inserted to make provision for

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the setting up of *ad hoc* divisions of the Wages Board, each to consist of one of the permanent members and two others, to investigate and report to the Board on any part of its work.

For obvious reasons which, unfortunately, have nothing to do with the merits of the case, and which the Minister wisely made no attempt to elaborate, the Act is not to apply to agricultural, horticultural or pastoral pursuits. It is perfectly clear that there is no other field offering the same opportunities for the increased employment of white wage-earners if the wage offered were sufficient for the maintenance of a civilised standard of life. It must not, however, be imagined that the present Government is unique in its attitude towards the farming community. In addition to farm employees, domestic servants in private households and persons in the government and railway services are exempted from the provisions of the Act as a result of an amendment.

The Wages Board is to investigate and report to the Minister on any matter of wages or rates or conditions of work referred to it by the Minister, or by registered associations of employers or employed if the Minister so directs (*i.e.*, where he is satisfied that use of the conciliation machinery is not possible), or on application by a sufficiently representative number of employers or employed. The conditions, such as the cost of living and "the ability of employers . . . to carry on . . . successfully," which are to guide the Board in its investigations are laid down, and an amendment provides that where the Board

cannot recommend . . . a wage or rate upon which such employees may be able to support themselves in accordance with civilised habits of life, it shall make no recommendation in regard to such wages or rates, but shall report to the Minister on the conditions in such trade, and the reasons for its decision. On consideration of such report the Minister may direct the Board to make such recommendation as it may deem fit.

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It has power to subpoena witnesses and, except where it otherwise directs, its proceedings are to be held in public.

The power of making the awards remains with the Minister. He may fix minimum wages for any class of employee, the maximum proportion of juveniles to adult workers in any factory, the ascending wages and conditions of training of juveniles (excepting where the Apprenticeship Act applies), and decide any other matter where wages or working conditions are involved. Such decisions are to be "in accordance with any report or recommendations of the Board or a majority thereof." At least one month's notice of any determination is to be given, to allow time for objections to be lodged, and if these are "deemed by the Minister to be of a serious nature" the Board shall investigate the complaint and report. Heavy penalties are prescribed for contravention of the Act, and employers are required to maintain records available for examination by the factory inspectors.

It is anticipated that the Wages Board when it gets to work will proceed very cautiously, and that any adjustments of wages that it recommends will take the form of raising the general level of wages nearer to that which good employers are already paying. The Economic and Wage Commission now sitting is to provide a guide in its report for the deliberations of the Wages Board. The members of the Commission include Mr. Stephen Mills, C.M.G., an experienced Australian civil servant, as Chairman, and Professor Henry Clay of Manchester University, and its terms of reference are to receive evidence and report as to :—

1. The range of wage rates and earnings in the Union.
2. The differentiation of wage rates according to age, sex, experience, responsibility and skill, and also according to special conditions and the terms of service imposed by law.
3. The procedure by which wage rates are settled.
4. The relation of money wages to real wages and the adjustment of money wages to variations in the cost of living.

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5. The industrial and commercial conditions affecting the amount of wages.

6. The effect of wage standards upon the distribution of labour between different occupations.

7. The influence of public wage regulation upon industrial development.

8. The need for wider scope for the youth of the country and the effect of the existing conditions in South Africa upon their opportunities of entry into and training in industrial employment.

South Africa. October 1925.

NEW ZEALAND

I. FUSION : "THE BARRIN' O' THE DOOR"

THE negotiations for the fusion of the Reform and Liberal parties were still proceeding when the twenty-first Parliament of New Zealand opened its fourth session on June 25, 1925. These negotiations dominated and coloured the debates of the earlier part of the Session and gave them an air of unreality. The view of the man in the street was well expressed by the *Otago Daily Times* (Dunedin) on July 28, in a leading article headed "Cutting each other's throats," when their failure had been announced :

An opportunity for the consolidation of the parties into one powerful organisation that would have commanded the support of a vast majority of the electors was presented this session that was more favourable than had ever before been offered, and an atmosphere was created that was entirely propitious. To the great disappointment of the country the politicians deliberately rejected their opportunity. It passes the understanding of plain people, who know little or nothing of the influences by which politicians are affected, that such a great chance of creating an organisation of overwhelming strength was sacrificed.

The electors, for their part, must be thoroughly disgusted with the trend in politics. For the sake, however, of the ordered progress of the country it is imperative that a merger of the anti-Socialist parties shall be brought about. The slate will, sooner or later, have to be wiped clean so that fresh negotiations may be undertaken. And the longer they are postponed the greater cause

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for satisfaction will be afforded to the Socialists. We are not at all sure, however, that the politicians themselves can be safely trusted to effect the necessary adjustments. Too many of them are concerned about their personal advantage rather than about the public interest. A conference of business men, representative of the two parties, with no axes of their own to grind, could settle the whole arrangement in the course of half an hour. Unless that is done before the elections the Socialists stand to win several seats that would not be secured by them in contests in which the votes against them were not split.

It was considered last year that the stumbling blocks to fusion were Mr. Massey, the Prime Minister, and Mr. Wilford, the leader of the Liberal party. Death removed Mr. Massey to the regret of all parties and Mr. Wilford voluntarily expressed his willingness to efface himself, so that the way seemed clear. The Conference of four members from each side, referred to in the last number of *THE ROUND TABLE*,* drew up a report which was submitted to caucuses of both parties. The plain man naturally thought that the object of fusion was to form at once a new national party, with a common policy, representative of both the fused parties in the Cabinet, and an organisation that would arrange that Reform and Liberal candidates should not oppose each other in the same electorate and should not by splitting votes make a present of the seat to the Socialist candidate. The Liberal delegates at the Conference raised the question whether fusion, if agreed upon, would come into operation at once and received for answer the following resolution of the Reform caucus: "That the question of reconstruction be left entirely in the hands of the Prime Minister." Mr. Wilford wrote to Mr. Coates on July 3 asking whether if fusion were accomplished the new party would be immediately called into being and a new Ministry constituted by the latter from the new party under his constitutional right as leader thereof. Mr. Wilford pointed out, what

* *THE ROUND TABLE*, No. 60, September 1925, p. 849.

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seemed obvious, that it was impossible for the Liberals to resolve to join up at some undetermined future date. To that request Mr. Coates replied on July 7 that he did not think that the reconstruction of the present Government and the formation of a new Government was practicable at the present juncture. He continued :

As you are aware, in my public statement of May 30 last I undertook that "The policy which my late distinguished predecessor laid down in general, and which a large number of members were elected to support, is to be maintained. It is not the intention of the Government to propose any radical deviation from that policy." It seems to me, therefore, that the Government's first duty is to carry out this pledge. When that work is completed, with the help, I hope, of your party, we should then go to the electors and ask them to return a strong and stable Government in order to carry out a national progressive policy which will conserve both the peace and prosperity of the Dominion.* I should also add that very complete organisation by my party has been effected throughout the country, and candidates selected to whom support has been promised, and it would be impossible, if fusion were immediately effected, to recognise adequately these commitments and at the same time make due allowance for the members of your own party who have thrown in their lot with our party. For the foregoing reasons, therefore, I am unable to agree to an immediate reconstruction of the Government. I suggest that a solution of the difficulties presenting themselves in the electorates may be best realised by an examination by representatives of our respective organisations in the individual electorates. Should you so desire, I am quite ready to discuss in further detail matters in relation to the negotiations that have been recently under review by the two parties.

Mr. Wilford in his letter of July 9 melodramatically declared that Mr. Coates had "banged, bolted and barred the door to the creation of that national party which we believe the country requires."

* Mr. Coates has since won the election. Some returns have still to come in, but *The Times* (November 6) gives the latest results as follows :

Reform (Government) party..	..	..	..	55
Labour	..	..	..	13
Nationalists and Liberals ..	..	..	..	11
Independent	..	..	..	1

Fusion : "The Barrin' o' the Door"

Mr. Coates on the same day expressed his willingness to continue pourparlers, but reiterated that

For the remainder of the present session I am pledged to complete the programme of my predecessor, and not the programme of a new party. Thereafter I will submit myself to the electors, asking all those who believe in strong and stable government, with a national progressive policy, to stand in behind me, and to afford me their united support.

Thereupon with a flourish of trumpets Mr. Wilford announced that henceforth the Liberal party would be the national party. The *Evening Post* (Wellington), in a leading article headed "Banging the Door," on July 15 says that

the reference to the burying of the political hatchet and the welcoming of proposals for a friendly merger in Mr. Coates's statement of May 30 cannot have conveyed to anybody the idea that it was only a deferred truce that would be considered. Nor is it easy to suppose that when Mr. Coates referred in a friendly way to the proposals for "burying the political hatchet" his own idea was that during the present session and during the election campaign the Reform hatchet must still be buried as deeply as possible in the skulls of the Opposition, and that any proposals for burying it in a happier sense must relate to a politically remote and quite incalculable future. If that had been the Prime Minister's meaning, would he have deemed any present negotiations worth while? And if he had made it clear, would anybody else have so deemed them?

The *Post* concludes by still hoping for at least some working arrangement which will remove or obviate the grave dangers of another three-cornered fight.

According to Mr. Wilford's statement to the House on July 14, the Liberals would have placed in the Minister's hands "the power of re-appointing every man he has got as Ministers without appointing one of our party." Further, at the moment that the negotiations were necessarily concluded by Mr. Coates's "door banging," the Reformers and Liberals were discussing the questions of the candidates in the field and the difficulties in the electorates.

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According to Mr. Hawken, the member for Egmont, at one stage in the negotiations the Reformers suggested that they should have eight representatives and the Liberals four in the Cabinet, but the Liberals asked for five, without, however, making this a condition of fusion.

Whatever the rock may have been upon which the negotiations split, whether the difficulty of getting Reform Ministers to make way in the Cabinet for Liberals or of inducing candidates of both parties to withdraw, as rumour has suggested, the impression given at an early stage of the negotiations by those behind the scenes was that negotiations, in so far as the Reform party was concerned, were never intended to succeed, but were mere camouflage. That, owing to the attitude of the Prime Minister and the utterances of the Ministers for Lands and Labour, is the impression that has been left upon the public, with whom the *mana* of the Prime Minister has in consequence declined, while the prestige of Mr. Wilford throughout the country has correspondingly increased. The latter is generally acknowledged to have made a generous gesture of self-denial and at the same time to have outmanœuvred his opponent. But unless the organisations of the rival parties in the electorates have more sense than the politicians they run the risk of presenting several seats to the Labour party, in which case the number of those left to fuse will be appreciably diminished. The question of fusion was the subject of two amendments to the address in reply. The first by Mr. Atmore, the member for Nelson, expressed the necessity in the best interests of the Dominion for the immediate formation of a strong stable national Government.

To this amendment Mr. Fraser (Labour) moved an amendment that it was desirable in the interests of the Dominion that the three party system should come to an end and that the proposed union between the Reform and Liberal parties should be consummated.

Both amendments in accordance with the usual practice

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and in spite of the negotiations for fusion that were still proceeding were treated as motions of want of confidence. Mr. Fraser's was defeated by 51 to 16 and Mr. Atmore's by 34 to 30, the Liberal and Labour members voting together in support of the latter amendment.

II. RETIREMENT OF MR. WILFORD

THE announcement that the negotiations for fusion had failed was shortly followed by Mr. Wilford's resignation of the positions of leader of the Liberal party and leader of the Opposition. It was known for some time past that he was in poor health and his medical advisers have ordered him a complete rest. He has, however, announced his intention of standing for the Hutt electorate at the elections this year and the Reform party in view of the circumstances has determined not to oppose him. Mr. Wilford has been for twenty-six years without a break a member of the House of Representatives and for 23 of those years has represented the Hutt electorate. During the war he was Minister for Justice in the national Ministry and proved himself an able administrator and a staunch Imperialist. Finding himself the Leader of the Opposition when Mr. Massey's majority in the House was reduced to three it was not unnatural for him to cherish the ambition of being himself Prime Minister when the whirligig of time brought its revenge. When, however, the opportunity presented itself of uniting the Reform and Liberal parties, whose aims and ideals are now practically the same, he distinctly declared that he would not hold office in any new Cabinet that might be formed. Of this action the *Evening Post* (Wellington) said on August 13 :—

Whether Mr. Wilford's retirement now is temporary or permanent, we believe that the public in later years will find nothing finer in a long career than the way in which he, with many of the

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qualities for high office, with long experience and service, voluntarily effaced himself and put aside his own unsatisfied ambitions in an effort to attain the unity which he believed to be for the good of the country. That effort, we are convinced, was entirely sincere.

Mr. Wilford has been succeeded in both positions by Mr. G. W. Forbes (Hurunui), a dour and dogged fighter, but not of a temperament calculated to inspire enthusiasm in his followers.

III. IMPERIAL RELATIONS—CONTINUOUS CONSULTATION

AMONG the ingredients of the *olla podrida* that the debate on the address in reply furnishes, Imperial relations were almost lacking. In the Legislative Council, however, Sir J. R. Sinclair on July 2 asked some pertinent questions.

Does the step (he said) taken by Prime Ministers, when each separately signed the Treaty of Versailles, with all that so signing implies, make for Empire unity? I am afraid it does not. . . . Can an Empire continue if each of its parts has independent status, only one voice on questions of foreign policy being possible? Have tracks been blazed that may lead in different directions? We know what our status was. Who shall define it to-day? Was not the British Empire more securely knit under the old system? The change is either real or unreal. If real, what may be its effect? Whether real or unreal, why talk of nationhood? That the Dominions should set up equal nationhood with the Mother Country, that they should claim to be independent—if independence should take the shape of divergent voices upon questions of foreign policy—would be to threaten unity. The last word on questions of foreign policy must be with the Mother country.

Referring to the danger that lurks in the appointment by the Dominions of ambassadors to foreign courts, Sir J. R. Sinclair was of opinion that if the Dominions exercised this right "the end of an old British unity would be in sight." He called attention to the separate movements going on in different parts of the Empire—no one of them,

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taken by itself, of great importance, but whose cumulative effect must be divergent—the ratification of a "criminal treaty" between Canada and Belgium, the signature by Canada of the Halibut Fisheries treaty with the United States by its own Minister, the permission given to Germany to negotiate trade treaties with the Dominions direct, the proposal in the South African Parliament substantially to reduce the tariff preference to the Mother Country, the new formula framed in order that the Anglo-Russian Treaty should not be binding upon the Dominions, because "it marks a step in decentralisation in the Empire."

Dominion Parliaments (he continued) have not sought decentralisation in the Empire. Would it be in the interests of unity? Henceforth there will be in force different treaties—those signed by His Majesty the King, binding our Empire, others binding only parts specifically dealt with. Are these movements wise substitutes for united action wherever united action is possible? Would not the creation of the necessary machinery for "continuous consultation" be safer and sounder? . . . Ought there not to be set up, in the interests of unity, one Empire consultative body, representative of that unity which achieved so much in the past?

He expressed the view that consultations between the British Prime Minister and Foreign and Colonial Secretaries on the one hand and the High Commissioners on the other would not meet the case. The parties were not equally yoked. "There ought to be Minister with Minister in order to give an equal voice to the Dominions and the Mother Country." He thought that the High Commissioners ought to hasten to abstain from delivering themselves publicly upon questions of Empire policy. The Geneva Protocol was, he concluded, a striking example of the need for the existence of an Empire body that would be in continuous consultation.

The Attorney-General, Sir Francis Bell, pointed out that on minor matters the High Commissioners were called together at the Colonial Office, informed of what the Imperial Government is considering and asked to com-

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municate with their respective Governments, while on major matters the cable communication between Prime Ministers was quite constant and in his opinion absolutely effective. Such crises as that of Chanak, he said,

can be dealt with only by one body; His Majesty's Government at the seat of the Empire, and any interference on our part with the Imperial Government in its dealing with emergency cases with foreign Powers is mischievous and not useful. What New Zealand has said consistently for the last thirteen years . . . is that we wish to be consulted about matters that absolutely affect us individually, but with regard to the Empire's foreign affairs, we are content to follow and act under the advice and conform to the action of His Majesty's Government in London.

Sir Francis emphasised his dissent from any suggestion that there should be established in London a conclave or cabal of Ministers of second rank. It would not be of any use, for, he said, "The man who will go to London from the Government of this country will either be a superannuated person or a man who is ambitious to serve outside his country. It is not possible, I think, to conceive that a man living in London could possibly offer any information or advice to His Majesty's Government in London without reference to the Government here." He agreed with Sir John Sinclair's views about sending ambassadors to foreign States.

Representation (he continued) of the Dominions in foreign States was vehemently protested against by Mr. Massey, and in that I was in entire agreement with Mr. Massey. There is no doubt his protest has been recorded against any representation in foreign countries other than the single representation of the Crown. But an ambassador from the Dominions in London is necessary, and that is effected by the increase of the status of the High Commissioners.

They should be asked, he considered, not to express their opinion, which is not wanted at all, but the opinion of their Government to be obtained in conference between the Colonial Office and the Dominion Government. Sir

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Francis thought that, so far as the action of the British Minister is likely to affect the more remote parts of the Empire, the Dominions and Colonies, there should be a general rule, as there is now, that the Dominions should be kept informed, and have the opportunity of expressing their opinions, the ultimate determination necessarily being with the Sovereign and his advisers. Sir Francis concluded as follows :—

There is only one man who can speak with authority in England for New Zealand, and that is the Prime Minister of New Zealand, because when he comes back to New Zealand he has his majority in Parliament to support him and confirm what he has done. Any other Minister speaks without authority. My honourable friend's dream of an Imperial conclave in London is a dream as futile as would be its effect.

The views of Sir Francis have met with some criticism. *The Dominion*, the Wellington organ of the Reform party, in a leading article on July 6, advocates a bold extension and elaboration of any machinery of Imperial consultation hitherto created rather than that we should allow conditions to continue in which the Dominions are virtually asked to follow the Mother Country blindly.

No Dominion (it says) will henceforth be content with this merely passive participation in Imperial foreign policy. As he is reported, Sir Francis Bell said that New Zealand "wanted to be consulted on matters concerning it individually, but with regard to Empire questions was willing to act on the advice of His Majesty's Government in London." It is possible that the opinion held by the Leader of the Upper House has not been conveyed with precision in a necessarily condensed report, but the statement quoted certainly cannot be regarded either as accurately reflecting the view generally taken in this country, or as presenting a practicable basis for policy. It is, in fact, impossible to divide Imperial affairs into categories, one of them embodying questions in which this country or any other Dominion is concerned and the other those in which it is not concerned. The Dominions are virtually concerned in every development of Imperial foreign policy.

The Prime Minister on September 1 was asked by the

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Leader of the Liberals (Mr. G. W. Forbes) for the views of the Government with reference to the cabled statements of Sir Robert Borden and Sir James Allen on the subject of Imperial consultation and the representation of the Dominions in London. Mr. Coates, echoing the Attorney-General's views expressed in the Upper House, replied that the Government considered that the method at present adopted of consultation by cable between His Majesty's Government and the Dominions was satisfactory and sufficient for general purposes . . . the essential condition must always be that nothing be definitely decided or agreed to on behalf of New Zealand without the direct consideration of the New Zealand Cabinet in New Zealand, and that any such decision must be subject to ratification by the New Zealand Parliament.

Mr. Coates's rather off-hand treatment of the subject is a little disappointing to those who expect a lead from him in Imperial matters, but an answer in the middle of a busy session in an election year into which he suddenly finds himself plunged by the death of his leader cannot be taken as his considered opinion of the suitability of the present system except for the moment. It has to be remembered, too, that—so far as Imperial affairs are concerned—at the present time New Zealand is exceptionally well represented in London by a High Commissioner of the calibre and experience of Sir James Allen.

IV. THE SESSION

IN view of the facts that this is election year and that the new Prime Minister taking office on the eve of the session could not well do more than "carry on," there have been few measures submitted to the Legislature involving questions of policy. Several motions of want of confidence have gone to a division but the Reform party has been compact and on crucial questions has kept its majority

The Session

of four. The Bible in Schools controversy was revived by the Religious Exercises in Schools Bill introduced by Mr. Isitt, M.P. for Christchurch North, providing for the daily opening of primary schools with the recitation of the Lord's Prayer, the singing of a hymn and the reading—without comment or interpretation—of a Bible lesson by the school teachers. The Bill contained a conscience clause to protect teachers. After fierce opposition the Bill, the debate on which was treated as a non-party question, was defeated by 32 to 26. The three leaders, Reform, Liberal and Labour, voted against it, but the bulk of the Reform party supported it, although the party's platform issued just before the last election contained the words "maintaining the principle of free, secular and compulsory education." In fact, all three parties were pledged to the maintenance of the system. New Zealand's system of free, secular and compulsory education thus remains intact. It must be remembered that, although Protestants predominate, New Zealand has no State religion, that owing to this secular system the children of different religions have been brought up in harmony, that teachers have enjoyed freedom of thought in religion without molestation from committees or boards and that this Dominion has been wonderfully free from religious intolerance and sectarian strife. It must be further remembered that the Roman Catholics decline to co-operate with the rest of the community, preferring to maintain their own denominational schools, and that the introduction and subsidisation of religious instruction in the State schools would inevitably fortify their claims for subsidies in their own denominational schools. The maintenance of our secular system of education does not mean that there is to be no religious instruction, but as Mr. Holland, the Labour leader, put it, that the place for religious instruction is the Church, the secondary school and the home.

Another important question debated in the House of Representatives was whether the Attorney-General should

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be deprived of the powers, given him by the Undesirable Immigrants Exclusion Act 1919, of prohibiting the landing in New Zealand of persons disaffected, disloyal or dangerous to the peace, order, and good government of New Zealand, of ordering such persons to leave the Dominion and of authorising their arrest and deportation. The Attorney-General exercised the last-mentioned power in the case of a young Australian named Noel Lyons, who, after an order for his deportation, declined to leave and was in consequence committed to prison. The grounds for the deportation seem to have been that Lyons incited the crew of a steamer on which he came as a trimmer from Melbourne to the Bluff, to adopt a go-slow policy, that a quantity of I.W.W. literature was found in his possession on his arrival in New Zealand and that he subsequently attempted to induce the crew of another steamer to adopt the same policy. Eventually he was persuaded by his friends, having made his protest, to leave New Zealand. The Labour party vehemently denounced what it stigmatised as the arbitrary action of the Attorney-General and in consequence Mr. P. Fraser (Wellington Central) introduced a Bill to repeal the sections which give the Attorney-General powers of prohibition, arrest and deportation. The Bill was read a second time on the voices and referred to the Statutes Revision Committee.

V. VISIT OF THE UNITED STATES FLEET

THE United States Fleet spent just a fortnight in New Zealand ports, its visit extending from August 11 to 25, when the Auckland section took its departure. The larger vessels were divided between Auckland and Wellington and the smaller craft between Lyttelton and Dunedin. Eventually the latter joined the Wellington section and the fine spectacle was presented of 40 vessels, large and small, belonging to a single fleet in our harbour. There is but one

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opinion throughout New Zealand about the success of the visit, and about the friendly relations and better understanding that have been promoted by it. Friendship has been established on a sounder basis for the very reason that at the outset there was just a touch of constraint, even of coldness. On our side we were perhaps a little prejudiced and apt to anticipate a "We won the war" spirit, a tendency on the part of the American eagle to flap its wings while taking a sharp bite at the British lion's tail. On the other hand, our American visitors must have been chilled by the apparent silence and indifference with which the assembled crowds in our cities watched the march past of large bodies of their men. But that impassiveness is a trait of New Zealanders. The march past of the men from the British squadron the previous year was viewed almost as phlegmatically. But it was not long before the cheeriness, the quaint humour, the intelligence and the *bonhomie* of officers and sailors alike broke down the barriers of prejudice and established on both sides the warm liking and respect that exist between sympathetic friends. Among Americans and New Zealanders alike misapprehensions have been corrected. The New Zealander has seen a body of men of good physique, intelligent and well behaved, many of them of a high standard of education, anxious to acquire information, wonderfully free from brag and bombast, not at all the type from Texas depicted in Zane Grey's novels, "carrying a six shooter, a steely eye and a pocket full of poker chips." On the other hand, the Americans have found us a quiet, hospitable little country, peopled by simple friendly people loyal to the backbone, but not at all anxious to paint the whole world red with Imperial paint, an illustration of the immense advantage of a homogeneous Anglo-Saxon population. To them the relationship of the *pakeha* to the Maori was an object lesson of the fraternity that may exist between a white and a brown race.

While the Pacific cruise of their fleet has undoubtedly

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created a better understanding between our American cousins and the British outposts at the Antipodes, it should at the same time make for international peace. In all the celebrations here, there has been not a single word or gesture hostile to other nations. Both at the State and the Municipal functions just those things that were appropriate to the occasion and should have been said were said and gracefully said. Our Prime Minister's speech at the State luncheon to the Admiral and his officers may be thus summarised in the style of the immortal Alfred Jingle:

Allies in Great War. In forefront of democratic nations. Bond of a common language. Common basis of legal and political institutions. Same ideals for their own peoples and welfare of human race. International dealings not marred by spirit of conquest for sake of aggrandisement. Waged few wars, mostly for freedom and liberty of their citizens, for some principle or uplift of down-trodden peoples. Set example of settlement of international disputes by arbitration. Common commercial interests. Augurs well for world future if friendship on both sides of Atlantic merges into wider friendship among all civilised countries of the world. Extend hand of fellowship.

On the American side the Admirals both in Auckland and Wellington laid stress on the fact that the cruise had no political significance, they paid a tribute to the pioneers and the Anzacs, the progressive legislation, the prosperity of New Zealand and its wonderful harbours, and they sounded the note of a desire to see "the nations of the earth in honourable peace and unity."

In bidding "farewell to the fleet," the *Dominion* (Wellington) thus summed up our impressions on August 24:

It goes far to account for the appreciative respect officers and men of the Fleet have earned in this country that their demeanour has been notably free from anything in the nature of objectionable swagger, and that nothing said on their behalf at official and other functions has savoured in the slightest degree of bombast or jingoism. Admiral Coontz and his brother admirals have expressed warm friendship for New Zealand and other British countries, and

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their utterances have been, and are, most heartily reciprocated, but no single word has been said at which any nation could justly or with reason take offence.

. . . In their contact with the officers and men of the Fleet the people of the British Pacific Dominions undoubtedly have learned to set new store by friendship with the United States and to believe more confidently than ever that in Anglo-American co-operation will be found an assured solution of international problems.

But when the flashlights from the fleet had ceased to illuminate our hills, when the airmen no longer "stunted" high overhead, when the parting cheers had died down and the ribbons of farewell with which outgoing vessels are momentarily linked to our shores had been severed, the more thoughtful New Zealanders began to take stock of our own situation.

What do we find? Britain suffering after a long and exhausting war, feeling the effect of foreign competition on all sides, constrained to have her ships built in foreign countries and to cut down her fleet below the minimum of safety, leaving unprotected the Pacific Ocean, which has been predicted by experts as likely to be the cockpit of the future; the Dominions, while clamouring loudly for their rights and their nationhood and demanding to be consulted in all questions of foreign policy, either making no contribution at all to a Navy, or a negligible one, the principle of one Imperial Navy jettisoned and no Dominion navies worthy of the name to take its place, Imperial Conferences held, but so far as naval defence is concerned absolutely futile. Instead of depending on ourselves we are relying on alliances and friendly relations, and looking to others in the Pacific for what we ought to do for ourselves. The United States, with few overseas possessions inhabited by white people, while anxious, as it proved at the Washington Conference, for peace and to lighten the burden of armaments, believes in and maintains a strong fleet, shows it in Pacific waters and cruises there, making its officers and men familiar with the terrain—if the word may be used of the ocean—on which her fleet may possibly be called into

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action, and brings those officers and men into touch with those British peoples whose interests are her own and who are equally concerned with her in the preservation of civilisation.

So much for the policy of the United States of America. Of our own policy, or lack of it, we are reminded by the *Evening Post* (Wellington), in its "Thoughts on Sea Power" on August 24, the day of the departure of the fleet from Wellington. That journal, always in the forefront in its reminders to us of our obligations in the matter of defence, refers to Mr. Archibald Hurd's article on "The American Fleet's Cruise in the Pacific,"* draws attention to the fact that in 1904 Britain had 59 war vessels in the Pacific, of which five were first class battleships, a total to which a few years later the fear of Germany induced Australia and New Zealand to add two battle cruisers. "The Empire," recalls the *Post*, "was a great power in the Pacific in those days, and was further secured by its alliance with Japan." But, it points out, we have dropped the central principle of a single navy supported by contributions from all parts of the Empire according to their needs and resources, which was contended for by the Admiralty in 1909, and which, if accepted, would, according to Mr. Hurd, have probably led to the British flag being as predominant to-day in the Pacific Ocean as it was twenty years ago:—

At the same time the obligations of self-reliance have since the war been treated very lightly—not to say ignored—by the Dominions. The result is that the Empire just now hardly counts as a naval Power in the Pacific, and this dangerous default increases our gratitude to the other great English-speaking Power for the magnificent display of its strength which the cruise of its fleet is now giving to the world. . . .

Is it too late for us to reconsider that sound principle, for the naval experts to tell us the truth frankly, for the politicians to face the facts instead of blinking them, and

* *The Fortnightly Review*, July, 1925.

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for the people to make the pecuniary sacrifice necessary for our safety? No country in the Empire realises its absolute dependence on the British Navy more keenly than New Zealand or is more ready to carry out its obligations if given a lead. In no country is the futility of the local navy idea more apparent. If the elections confirm Mr. Coates in his office with a good working majority, he has a great opportunity for impressing upon us the lesson to which the visit of the American fleet should have "put us wise."

Since this article was written a deputation of delegates of the Navy League on September 24 urged upon the Prime Minister the need of sea training as a vital factor in the future of the Dominion, the necessity for adequate naval defence, the adequate provision of aircraft for naval requirements, and the addition of a third light cruiser in New Zealand waters.

The deputation handed the Prime Minister a letter from the Auckland branch of the League endorsed by all its branches in New Zealand. That letter called attention to the following facts:—

- (a) That the British Navy is considerably weaker in fast cruisers than either the United States of America or Japan;
- (b) The vast loss of shipping caused by a few enemy craft in the Pacific during the Great War;
- (c) The imposing programme laid down for the coming year by Japan;
- (d) Lord Jellicoe's speech urging the people to impress upon the Government that they would not have the naval defences of the Empire reduced as the only way to check the tendency of Governments to economise on defences.
- (e) The crisis in the British Cabinet with reference to cruisers;
- (f) Mr. Lloyd George's statement on July 17 in the House of Commons that the Dominions were not bearing their full share of responsibility.

Mr. Coates said that the navy cost the country somewhere about half a million a year, and that there would be another £100,000 next year, making £600,000 a year.

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That provided sufficient to absorb all the applicants for training for the Navy :—

¶ The next point (said the Prime Minister) is how much should our contribution towards the Navy be ? Shall we increase it by adding another light cruiser—importing the personnel and keeping the cruiser in New Zealand waters—or make a contribution equivalent to the maintenance of another cruiser to be maintained in other waters, wherever that may be ?

He took it, however, that the real point about which the deputation was concerned was not so much where the cruiser should be as to ensure that the naval renewals should be sufficient to provide a margin of safety. The Navy League wanted the £600,000 on the estimates to keep the New Zealand unit going. In addition, there was the question of bringing the Air service up to date.

Our contribution to naval defence was slightly over 8s. per head, and another £100,000 would make it slightly over 9s. per head.

Personally (said Mr. Coates), I think that in this stage of our history, and probably of the world's history, steady development would be better than rushing, because of the constant changes that are taking place. . . . In the meantime, I entirely concur that it is our job, as well as England's job, to do all we can to keep the renewal of cruisers up to date and sufficient. In that I go all the way with you, and if it becomes necessary, there is no doubt the Government will in reason contribute according to the capacity of the Dominion.

VII. VISIT OF THE EMPIRE PRESS UNION

IT was a pity that the hurried visit to New Zealand of the overseas representatives of the Empire Press Union who arrived in Auckland on August 16, *en route* to the Conference in Australia, to some extent overlapped and was overshadowed by the more spectacular and engrossing visit of the United States fleet. The delegation contained so many outstanding personalities, each with so many ideas

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to exchange, and, with the trained intelligence of the Press, the desire to acquire by personal inspection and inquiry sound information about ourselves and our views, that we should have liked to be able to concentrate all our *intelligentsia* for interviews with them. Certainly New Zealand can look forward to being well advertised both in America, from the quantity of literature that was distributed to the fleet, and in the Mother Country and the other Dominions when their Press come to chronicle the impressions formed by the representatives of the various papers who have visited New Zealand. They have discussed trade within the Empire, migration (adult and juvenile), inter-communication, forestry, and greater publicity. Sir Harry Brittain advocated a gigantic spectacular film dealing with the history of the race in New Zealand. Both he and Viscount Burnham have given us sage counsel, and the Canadian delegates, Mr. John Bassett of the *Montreal Gazette* and Mr. J. H. Woods of the *Calgary Herald*, have made strikingly patriotic speeches. The latter in particular, at the luncheon given by the Government at Parliament House, evoked such a wave of spontaneous enthusiasm in the big gathering as is seldom displayed in these prosaic days. While, he said, we needed tolerant and active sympathy with each other's peculiar difficulties and problems, we should also speak frankly to one another, and not confine ourselves to platitudes nor shut our eyes to the dangers about us. The delegates have been entertained by the Governor-General, the Government, the Municipalities and the Press, and have been shown as many of our typical institutions and sights as time would permit. Unfortunately, only a handful managed to visit Christchurch, in the South Island, so that the impressions of the majority of the delegates who have only seen the North Island are naturally somewhat incomplete.

New Zealand. September 28, 1925.

THE NEXT IMPERIAL CONFERENCE

I. THE WEAKNESS OF THE CONFERENCE OF 1923

IT has been officially proposed that there should be an Imperial Conference—the ninth of the series—this autumn. If the Parliamentary deadlock in Canada can be broken and a Ministry having a stable majority behind it installed in office at Ottawa in time, the autumn seems to be a favourable opportunity. There will have been at least one General Election in each of the self-governing nations of the Empire since the Imperial Conference of 1923. Very considerable changes have taken place both in political and economic conditions during that period. It is very important that the leading statesmen of the Empire should be fully informed of what the Locarno agreements really imply. There are also plenty of other problems looming ahead to make it worth while for the Prime Ministers of the British Commonwealth to meet and take counsel together.

We would, however, strike a note of warning at the outset. Whether the Imperial Conference will do good or not will depend mainly upon the actual work which it will be called upon to do, and the way in which that work is prepared. To speak frankly, the Imperial Conference of 1923 was not far short of a failure. It was summoned, somewhat impulsively, by the party which likes to regard itself—quite wrongly as history shows—as the peculiar guardian of the Empire. It assembled in a cheerful “let’s

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have a talk " spirit, but without being clear that there was any important subject which was ripe for practical decision. It passed a resolution about the conduct of Imperial diplomacy, which gave great satisfaction to that small section of people within the Empire which is preoccupied with questions of formal status, but which did not alter in any substantial way the accepted practice. It spent a great deal of time in evolving a set of minor preferences for the Dominions in the British tariffs on certain relatively unimportant articles, such as dried fruits and tinned salmon, some of which were never later carried into effect. But it never considered the real economic problem of the Empire at all. Its most important result was that its deliberations apparently had some influence in causing Mr. Baldwin to make that headlong and unexpected plunge into Protection which brought down his Government and thereby gave the Labour party its first experience of the onerous responsibilities of office. But so far as the general public is concerned, both in the United Kingdom and the Dominions, the Imperial Conference of 1923 passed by leaving no impression save the usual one of junketing and speeches.

If the next Imperial Conference is to be like the last, if Prime Ministers are to be dragged from the ends of the earth for little more than a friendly talk in Mr. Baldwin's most artless and engaging manner, then, we fear, the institution of the Imperial Conference, the only organ of political unity which exists in the Empire, will perish for want of practical usefulness like the vermiform appendix. If the Imperial Conference is to survive, still more if it is to become a really useful piece of constitutional machinery for solving by discussion and agreement the complicated problems of our complex Empire, it must deal with the real issues which confront the Empire, and it must prove itself able to handle them with promptitude and decision.

It is essential, therefore, if the Imperial Conference is to assemble in London this autumn that it should not confine

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its attention to relatively trivial matters as it did in 1923, but that it should really face and either solve or give a new turn to the two main practical problems which confront the Empire to-day—the method of dealing with its primary common interest, defence and foreign policy, and the economic policy which will best enable its peoples to surmount the difficulties of the post-war world. It will probably also have to discuss the difficult problems of the relations between India and the Dominions which seem once more to be coming to the fore.

II. CONSTITUTIONAL RELATIONS

THERE is, however, one larger issue which probably does not call for any very definite action at the present time, but which it is the special task of the Imperial Conference to deal with, and that is the problem of the constitutional relations between the different nations which go to form the British Commonwealth. In general, it would seem that public opinion in the Empire to-day is not particularly concerned with this question and is satisfied to acquiesce in that somewhat anomalous relationship which proved its adequacy in the heat and stress of the great war. There appears, however, in this issue an article from an authoritative source which shows that there is a section of opinion, at any rate in Canada, which is dissatisfied with the *status quo*, and similar opinions are probably held in other parts. If so, it would be a good thing that they should be thoroughly ventilated before the Imperial Conference.

The substance of the question raised by the Canadian writer is this, "Can a Dominion find its place as a nation inside the British Commonwealth or is it necessary to withdraw from the Commonwealth to permit of the development of true nationhood?" He makes it quite clear that

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he is profoundly dissatisfied with the existing relationship and is doubtful about the ultimate issue. And he adds:—

There is beginning to appear an organised left wing of the nationalist movement. . . . This reflects a mood of exasperation with the present policy of drift, evasion and denial, which may develop into a definite advocacy of separation as the only possible means of securing for Canada the right to live her own life, dream her own dreams, pursue her own ambitions, establish her own standards, cultivate her own loyalties, and ensure the continuance for all time of Canada as a distinct country with her own culture and characteristics.

It is quite evident from the article that the basis of the sentiment which prompts it is psychological feeling rather than practical grievances, though it is none the less important for that. For the only hindrances to full Canadian nationality which are mentioned are the Canadian flag, the theoretic veto of the Crown, the fact that amendments to the Canadian constitution can still only be made by a covering Act of the Imperial Parliament, and the appeal to the Privy Council, and these can all be removed by less drastic means than separation. So far as these matters are concerned, THE ROUND TABLE is only too anxious that the last formal vestiges of dependent relationship should be abolished without delay provided real equality and real association take their place. For it believes in the maintenance of what has come to be called the British Commonwealth of Nations, not because it cares one scrap for the preponderance or authority of Great Britain, but because it is convinced that the ideals of freedom, justice and Parliamentary institutions, which are by no means secure in the world, as recent events have shown, can be better defended and extended through the maintenance of the association now presided over by the King than through its dissolution. It believes in an absolutely distinct national flag for each part of the Commonwealth, provided there is retained upon it that arrangement of the crosses of St. George, St. Andrew and St. Patrick, known as the Union Jack, which symbolises the element of unity

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in the most diverse political organism the world has ever seen. It would relinquish absolutely the veto power over legislation dealing with Dominion affairs. For if modification of laws cannot be arranged by voluntary negotiation, it cannot be effected by force. It considers that every Dominion should have the right to modify its own constitution subject to such safeguards as its own people may contrive. It would leave the right of appeal to the Privy Council to be granted only at the discretion of the Supreme Court of the Dominion concerned.

It believes, however, that the difficulty which the Canadian writer feels about the future—and it is a real difficulty—does not rest fundamentally upon questions of status at all. It springs partly from an inevitable but healthy difference in outlook between the sophisticated caution of the peoples of the old world and the impulsive optimism of the peoples of the new world. It springs partly from the inherent difficulty of reconciling the natural aversion of the Dominions to “entanglement” in the affairs of the outside world with membership in a world-wide Commonwealth which is inevitably affected by every international storm that blows.

But the solution is surely not the dissolution of the Commonwealth. There is plenty of room for full and active nationhood inside the Empire, if by nationhood is meant action and responsibility rather than the formal status of independence. The real alternatives before the Dominions are not between a dependent status and independent nationhood, but between a nationalism which sees its fulfilment in isolation and a nationalism which sees it in an active participation in the world's affairs. So long as the Dominions seek to avoid what is called entanglement with the rest of the world, then membership of the Commonwealth cannot fail to present those irksome anomalies to which reference has been made. But as soon as they seek to assume what alone real nationhood means, that is their full share of responsibility for the conduct of world

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affairs, is there any question that they can pull their weight better as members of the British Commonwealth of Nations than in isolation? Moreover, in the case of Canada the real menace to her dreaming her own dreams, establishing her own standards, and being a distinct country with her own culture and characteristics is not membership of the British Commonwealth but proximity to the vast and dominant entity known as the United States. Is not membership of the Empire a help rather than a hindrance to this ideal?

The issue which is raised really goes to the very root of the future both of the Empire and the civilised world. Can civilisation progress if the most civilised and democratic peoples adopt the hermit policy? Can such peoples become nations in the true sense of the word if they stay hermit nations? The Dominions might have been richer and more independent, but they would certainly have been morally smaller nations if they had kept out of the world war. The United States has thrown away the marvellous position of leadership she possessed in the world in 1919 by her retreat into isolation in 1920, and is to-day a richer but morally a smaller nation than she was. The real battle of opinion in the Empire is between those who see in nationhood responsibility and labour for world ends and those who see in it the road to escape from these things—between those who would cherish what Milton called “a fugitive and cloistered virtue, unexercised and unbreathed, that never sallies out and sees her adversary,” and those who would have their peoples in due and proper time enter into the struggle for a better world “where that immortal garland is run for, not without dust and heat.”

In the opinion of THE ROUND TABLE, when the choice has to be made, there is only one answer. Each nation within the Empire will be a greater and a wiser nation if it can learn how to handle the immensely diverse problems of our joint Commonwealth collectively than if it breaks it up into its constituent fragments. It is the

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same with international affairs. There will be no real progress at all unless all the English-speaking nations take a steadily increasing measure of responsibility, inside the League and outside it, for world government. The time for isolation and non-entanglement has gone by. The world under the influence of electricity and the aeroplane has become one. It must be made a world of law and justice or it will inevitably be engulfed in another world war.

This does not mean that the Dominions need begin to share in all the responsibilities of Great Britain at once, or that the co-operative diplomacy of the last eight years can be restored in the near future. Owing to the different stages of economic development of the peoples of the Empire, the natural distribution of responsibility is still that Great Britain should carry the lion's share of responsibility for foreign policy and defence and that the Dominions should concern themselves for the time being mainly with their own domestic development. But that is a phase which will steadily pass away. In due time, if it is preserved, the Empire must inevitably develop into a real Commonwealth of equal partners, sharing power and responsibility alike. In the meantime there is no reason to despair and no need for revolution. There will be anomalies of all kinds—the anomalies which give rise to the difficulties about status, to the old dilemma about peace and war, to the personal irritation which arises on personal contact between people actively concerned with world affairs and people actively concerned with purely national affairs. But these anomalies are not fatal. If they are dealt with in a cheerful and a practical spirit of common sense it is only a matter of time for them to disappear.

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III. THE CONDUCT OF FOREIGN POLICY

THE first practical task which lies before the Imperial Conference, no doubt, is to make a thorough survey of the whole international situation with the object of laying down the general lines which Imperial foreign policy should follow, so as to solve impending problems wisely, and maintain peace. In that discussion the nature of the commitments undertaken at Locarno will take a first place.

But there is a special feature of the Locarno Pact which requires particular attention this year, and that is the situation which has been created by Article 9—the Article which gives the Dominions the option to sign the Pact or not as they like. As was pointed out in the last issue of this review,* that Article involved an abrupt reversal of the theory about the diplomatic unity of the British Commonwealth which had been worked out during the war and the Peace Conference, and which has been the official basis of inter-Imperial relations ever since. That theory was that inasmuch as the Dominions had assumed the full responsibilities of nationhood, both in waging war and in making peace, the foreign policy of the Empire, if it was to be effective, must be one which was acceptable to all its self-governing peoples, and therefore must be formulated, at least in its major aspects, by common consultation between them. This theory was put to the test at Chanak, at Lausanne, in London in 1924, and prevailed, though with increasing difficulty. It was put to the test at Locarno in 1925 and failed. Great Britain has now signed a treaty involving her, in certain eventualities, in the obligation to go to war, on her own responsibility, while the Dominions were left to countersign the obligation or not, as they chose.

THE ROUND TABLE, No. 61, December 1925, p. 17.

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We do not think that any serious criticism can be passed upon Sir Austen Chamberlain for taking this step. In the circumstances in which he found himself in October last he probably had no alternative but to go ahead. To interpret the doctrine of the diplomatic unity of the Empire as meaning that no step could be taken in foreign policy until six nations scattered over the face of the globe had all agreed to it would be to have no foreign policy at all. Great Britain as the nation primarily responsible for the foreign policy of the Empire could not afford to wait before seizing the opportunities for agreement which presented themselves—and at Locarno they had to be seized within a few hours if they were to be seized at all—until Governments thousands of miles from the Conference were ready to commit themselves to possibly far-reaching obligations. The Dominions, preoccupied with the affairs of their own sections of the globe and anxious to be rid of the internal complications of Europe, could not be expected to accept the commitments necessary to solve the problems at stake in the short time available for consideration, and in most cases their Governments were not in a position to enter into any commitments at all.

The procedure of Locarno, therefore, was the inexorable outcome of the drifting back of the Empire and the world from the intimate co-operation which was the natural result of their intense preoccupation in Europe during the war and the Peace Conference. None the less, it marks the failure of the theory of Imperial co-operation in foreign policy which has obtained since 1917, and the reversion of the Empire, with one very important exception, to the theory and procedure which obtained before 1914.

Before the war the basis of the Imperial system, so far as international relations were concerned, was that Great Britain was responsible, by reason of her long experience and her world-wide diplomatic machinery, both for the foreign policy of the Empire and for its naval defence, except in so far as Australia began to create a fleet unit of her own

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in 1909, and New Zealand contributed a battle cruiser to the Royal Navy in the same year. It followed automatically from this system that when the King, on the advice of his British Ministers, went to war, the whole of the Empire was at war also. That, according to the strict letter of international law, is now once again the position, since the system of negotiating treaties through British Empire delegations, begun at Paris in 1919, has been dropped, at any rate so far as Europe is concerned. It is true that the Imperial Conference will discuss all aspects of foreign policy with the utmost cordiality and frankness, which it did not do before 1911; it is true that a vast volume of reports and telegrams—according to Mr. Amery over 800 a year—go out from Downing Street to the Dominions which never went out before the war; but in fundamentals Great Britain is once more undertaking the foreign policy of the Empire on her own responsibility without real consultation with the Dominion Governments. She informs them of everything that is going on, but there is no common deliberation and no waiting, before action, for common consent.

Great Britain is now also carrying almost the whole burden of Imperial expenditure. In the appendix we give some figures showing, as accurately as we have been able to obtain them, the amount borne by her and the oversea Dominions respectively. They indicate that, on the basis of the estimates of expenditure out of ordinary revenue for the current year, the burden per head of the population works out in each case as follows:

Great Britain	..	..	..	..	..	£12	8	3
Canada	..	..	..	..	..	3	7	2
Australia*	..	..	..	..	..	6	1	9
South Africa (white population)	..	..	..	..	..	1	19	3
New Zealand	..	..	..	..	..	5	1	9

*Australia is also spending £1,500,000 on naval construction, *i.e.*, two new 10,000-ton cruisers, two submarines (O class) and other items. This amount and a sum of £2,000,000 previously appropriated will be taken out of accumulated surplus revenue.

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She is also responsible for practically the whole cost of such expensive capital works, necessary to the mobility of the Fleet, as Singapore.

It is evident that, as always, power and responsibility are once more going hand in hand. During the war all the nations of the Empire shared responsibility, and therefore shared power also. To-day they do neither.

In an earlier paragraph, however, it was said that there was one very important distinction between the position in 1914 and the position to-day. Though the legal and financial relation is the same, the political relation has entirely changed. Whereas in 1914 the prevailing sentiment in the Dominions was to accept the leadership of Great Britain and accept also the consequences of that leadership so far as international policy was concerned, there is no similar sentiment to-day. Public opinion in the Dominions apparently still has sufficient confidence in the international sagacity of Great Britain to leave her to conduct the diplomacy of the Empire in all matters not directly affecting the Dominions themselves. But it is certainly not willing to allow her to come to decisions binding, or directly affecting, them except with their own consent. It is an axiom of the modern theory of the British Commonwealth that no Dominion can be committed by any authority but its own Government and Parliament.

The Commonwealth, therefore, is once more faced by the old dilemma from which the theory of the diplomatic unity of the Empire and the system of British Empire delegations was intended to; and during the war and the Peace Conference did, extricate us. What is to happen when Great Britain, or any other part of the Empire for that matter, is drawn into a serious war? War is the supreme test of the unity of the Empire; for its parts cannot be at war and not at war at the same time. Yet, if the King declares war on the advice of his British Ministers, all the Dominions are, constitutionally and under international law, in a condition of belligerency, though they

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need not, of course, take an active part in the prosecution of the war. And it would presumably be the same if the King could be induced to declare war on the advice of any Dominion Ministry. Whenever an acute international crisis develops into a serious war, all parts of the Empire will be faced with the alternatives of being forced into the status of belligerency by the action of Great Britain, or some other Dominion, or of escaping belligerency by seceding from the Empire. The Locarno Pact, which finally destroys the war-time theory of a co-operative Imperial diplomacy, because under its terms Great Britain undertakes an ultimate obligation to go to war which the Dominions are not bound by, and which they have not signed, pushes this dilemma once more to the forefront of the Imperial stage.

The emphasis laid upon this central fact does not mean that we think that the forthcoming Imperial Conference can or ought to come to any clear-cut conclusions about this fundamental problem. The existing anomalies, so familiar to the constitutional history of the Empire, arise out of the facts of the world as it is to-day, and the facts do not permit the formulation of exact constitutional rules for so scattered an association of peoples as the British Commonwealth. The period of the war and the peacemaking was really exceptional. The whole Empire, like the whole world, was then profoundly interested because it was profoundly concerned with the issue of the great struggle between militarism and democracy in Europe. But to-day we are back in a more normal situation. Great Britain is still deeply interested in European affairs, because she is situated only twenty-two miles from its shores. The Dominions, being situated thousands of miles away, and believing that no world-war is going to arise out of Europe in this generation, are not equally interested, but are primarily preoccupied with the development and settlement of their own unpeopled territories. Hence the breakdown of co-operative diplomacy. That this relaxation

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of unity should have caused no widespread misgivings is probably due partly to the moral unity engendered by the war, and partly to the reliance, conscious or unconscious, of all parts on the protecting and unifying power of the British Navy, a factor which the Overseas Empire tends to take for granted, but for which Great Britain finds the cash?

In these circumstances it might be unwise, it probably would be unwise, for the Imperial Conference to try to frame any theories or rules which would either tie the hands of Great Britain in dealing with the diplomatic problems of Europe or commit any of the nations of the Empire to any particular course of action in the event of grave international crises or war. In the future, as in the past, these matters had better be left to be dealt with as and when they arise, provided it is clearly understood that every Government in the Empire will inform every other Government of everything that it does which may affect the international position of the Empire, that, as far as is practicable, they will consult and confer together about them before taking action, and that in cases where the interests of all parts of the Empire are immediately involved, as they were at the Naval Conference at Washington in 1921, the old British Empire Delegation will be revived.

The practical conclusion to which, we think, the present situation points is somewhat different. The really dangerous element to-day is not that there is no effective co-operation in diplomacy, no "agreement to agree," no full consultation except at Imperial Conferences, but that in the intervals between Imperial Conferences, owing to the reluctance of the Dominions to do anything which might create the impression that they were "morally committed" by the foreign policy of Great Britain, especially in the matter of peace and war, the possibility of arriving at a common agreement when a serious crisis does arise is made artificially much more difficult than it ought to be. The most striking fact to-day is that the Dominions,

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with the partial exception of Australia, though claiming the status of sovereign nations both inside the Empire, at Peace Conferences and at Geneva, have no adequate means of finding out what is going on in the other parts of the Empire and the world, except what is volunteered to them by the Dominions Office, what they gain at meetings of the Assembly at Geneva, and the news supplied to them by the Press associations and correspondents which serve their newspapers. Every sovereign nation in the world equips itself with the diplomatic machinery by which it can follow the events in the rest of the world which may affect itself or endanger the peace, so that it can adjust its policy accordingly. The Dominions still insist on living in blinkers so far as international, and even inter-Imperial, affairs are concerned. A system in which the Dominions have no representatives whatever in the great capitals of the world, in which no Dominion has any political agent in any other Dominion capital or in India, and in which the official representatives of the Dominions in London are High Commissioners confined to commercial duties, while the British representatives in the Dominions are Governors-General confined to constitutional and debarred from political functions, is obviously absurd. That the system works at all is a wonderful testimony to the underlying confidence which the different parts of the Empire really have in one another and in the protective power of the British Navy. But it is not business.

The first task before the Imperial Conference, therefore, after discussing the general international situation, is surely to find a method by which it is possible for Great Britain and the Dominions to communicate with one another as intelligently and efficiently as foreign Governments are in the habit of doing, and for the Dominions to obtain that modicum of knowledge of what is going on in the outside world which will enable them to judge promptly and in an informed manner when any serious crisis arises

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which affects either the Empire as a whole or themselves. We believe that it will be all the easier to arrive at an agreement on this question if it is clearly laid down that no machinery for inter-communication shall or can alter the fundamental understanding that the only body which can legally or morally bind the action of any self-governing part of the Empire or alter in any way the constitutional relations within the Commonwealth as they exist to-day, is its own Government and Parliament.

As to the method, we have nothing of substance to add to what has repeatedly been urged in these pages. So far as the Dominions are concerned, we suggest that the reasonable course is for each Dominion to have a department of external affairs under the Prime Minister, as practically all the Dominions now have; that the High Commissioners in London should be accredited to the Foreign Office as well as to the Dominions Office in a capacity analogous to that of an ambassador and with the duty of representing the views of their Governments to the Foreign Secretary and of keeping it informed of all political developments in the international situation as their most important work; and that they should be equipped with a small expert staff, who might extend their training by some system of exchange with the British diplomatic service abroad. This is but a small development of the system already introduced with great success by Mr. Bruce. So far as Great Britain is concerned, we suggest that the British Government ought to send an equivalent High Commissioner to every Dominion capital to act as a diplomatic intermediary and to give it the information it requires about political and other conditions in the Dominion.

What of the Governor-General? The Governor-General, once a political officer, is rapidly becoming a purely constitutional figure in all the Dominions. This is as it should be. Under the Parliamentary system the existence of a constitutional head of the State, above party,

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who can discharge certain duties such as those of summoning a new Prime Minister or determining whether in certain cases an appeal to the country is justified or not, is indispensable. The post is always a difficult one to fill, for the occupant must be a person who is not only detached from party affiliation or prejudice, but who is also sufficiently versed in political tradition to discharge wisely what are at times extremely difficult and important functions. In Great Britain the office is filled by an hereditary monarch with ancient constitutional traditions. In the Dominions it is filled by men selected by the Dominion Governments from among those who have had some experience of public life in Great Britain. Whether the office of Governor-General will continue to be filled by people from Great Britain will depend upon the wishes of the peoples of the Dominions themselves. In any case, however, the Governor-General ought now to discharge his duties on his own responsibility, as does the King, and not under instructions from Downing Street, and ought to become less and less a political intermediary between London and the Dominion capital. The political and diplomatic relations between the Dominions and Great Britain ought to pass through the hands of High Commissioners on both sides. The Governor-General ought to be a purely constitutional figure. Nothing, of course, in this system would prevent the Prime Ministers from communicating directly with one another as at present.

There is one other development which might usefully be made. We do not think that the Dominions can obtain a really independent view of the conditions of the outside world through their High Commissioners in London and their representatives at that interesting, but often very misleading whispering gallery, Geneva. They ought surely to begin to have direct sources of information in other parts. Is not the creation of a real diplomatic service an essential step towards that full nationhood of which our Canadian correspondent speaks? But it is certainly not necessary

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for them to duplicate the costly and elaborate diplomatic service of Great Britain. In some cases, as at Washington, it may be appropriate to appoint Ministers. But in general there seems to be no reason why they should not appoint their own representatives to be attached to British Embassies in such capitals as Tokio or Peking, Paris or Berlin, who would inform them direct about conditions in those areas which concern them most intimately. Such men would naturally form the nucleus of that expert diplomatic staff which every Dominion will increasingly need if it is to judge wisely of Imperial diplomacy or pull its weight in the League of Nations. Similarly, in view of the increasing importance of colour and immigration questions, some of the Dominions might station a diplomatic officer at Delhi to inform them about Indian affairs. The Imperial Conference ought also to give careful consideration to Sir Robert Borden's interesting suggestion that the Dominion delegates to the Assembly of the League of Nations should first assemble in London for an annual discussion of the inter-Imperial and international situation with British Ministers before going on to Geneva.

IV. ECONOMIC POLICY

THE second main subject which ought to be considered by the Imperial Conference is the possibility of taking some joint action to improve the economic position of the Empire and of the nations which compose it. There is little doubt that that position is not satisfactory. There is unemployment and over-population in Great Britain. There is slow development and shortage of population in all the Dominions. Moreover, save for preference, the economic policy of each nation of the Commonwealth is considered and decided practically without reference to its results on other parts or to the

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possibility of better results being attained by a scientifically conceived co-ordination designed to secure a better development of the Empire as a whole. Even the stability of the existing preferential system is very uncertain, largely because there is no clear idea of what it is intended to lead to, and because there is a widespread impression, especially overseas, that Great Britain is unwilling to make any adequate *quid pro quo* for what the Dominions have done and are doing.

In the opinion of THE ROUND TABLE the economic problem is the most important practical problem which calls for the attention of the Imperial Conference, *if it really comes to grips with it* and does not simply discuss trivialities or generalities as it has usually done in the past. There are no urgent political problems in the Empire—save that of diplomatic intercommunication—which require settlement. But the economic problems of the Empire—the ending of unemployment, and the filling of empty spaces, the building up of a higher standard of living and the wider diffusion of prosperity—are crying aloud for solution. And the biggest single contribution to the solution of all these problems would be an expansion of inter-Imperial trade. The enormous importance of Empire trade can be seen from the following figures. The total market which is offered by Great Britain for foodstuffs amounted in 1924 to £571,127,940. Practically the whole of these foodstuffs are potentially produceable inside the Empire. Yet, to-day the Empire only produces 38 per cent., while foreign countries produce 62 per cent. On the other hand, of total British exports, amounting in 1924 to £800,966,537, 42 per cent. went to the Empire, 58 per cent. to foreign countries (of manufactured articles alone 46 per cent. went to the Empire). At the same time, things are gradually improving. The percentage of British exports taken by the Empire has risen from 34·7 per cent. in the ten years before 1913 to practically 42 per cent. in 1924, and to 43·2 per cent. for the year 1925. The *per capita*

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purchase of British goods in the various parts of the world to-day are as follows :

	£	s.	d.
In the Dominions	6	17	3
In Europe	0	12	1
In the United States	0	9	6
In South America	0	18	0

It is not suggested that it is possible or desirable to try to divert all trade from foreign countries to the Empire. More and more all trade is becoming world-wide, and the Empire as a whole must remain a great world trader. But the fact remains that the more inter-Imperial trade is done the stronger and more united will the Empire be as a whole, the less will its business be interrupted by those international economic storms which arise from war or revolution or unwise policy in less stable parts of the world, and the more easily will its population distribute itself and unemployment disappear. No subject, therefore, is more worth serious thought to-day than the practicability of turning the immense economic possibilities of the British Commonwealth to better account.

Yet, when the Imperial Conference assembles, what is it going to be able to do as things are to-day ? The three most obvious methods of helping inter-Imperial trade which might conceivably be considered by the Conference seem all, for one reason or another, closed. In the present state of public opinion there is no possibility of any considerable alteration being made in the tariff policy of either Great Britain or the Dominions. There is equally no possibility of trying to develop inter-Imperial trade by means of subsidy, in view of the situation which has been created by the coal subsidy ; and the use of export licences and similar devices in the interest of Empire trade is prohibited under the new Anglo-German trade treaty till 1930. What, therefore, can the Imperial Conference do next autumn except give effect to the valuable but far from epoch-making recommendations of the Imperial Economic

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Committee that Empire products should be identified by some kind of trade mark, and that certain sums should be spent on education, publicity and research into the possibilities of Empire trade. And even these measures the British Government ought to put into effect without delay and before the Conference assembles. Does it not look to-day as though the British Government were preparing for a Conference which may be as sterile of results as the Conference of 1923, because there is nothing practical for it to do?

The trouble is that in no sphere of public affairs is adequate preparation before deliberation more important than in that of economics. The problem touches individual and national life at so many points, the vested interests are so varied and so vocal that without real knowledge and agreement as to facts and time for discussion about both, action is impossible. There are now only six months left in which to make it possible for the Imperial Conference to consider the economic problem of the Empire in an effective way. In our judgment, two preliminaries are necessary.

The first is that the discussion of the preference question should be brought back to its proper bearings. The common impression that Great Britain gives no adequate reciprocity for the preference she enjoys in the Dominion markets because the value of the preference she enjoys under Dominion tariffs amounts to about £12,000,000 a year, while the preference enjoyed by the Dominions in British markets amounts on an estimate to less than a million a year, is not as true and obvious as it often seems.

In the earlier part of this article it has been pointed out that just as the Empire has drifted back to the pre-war system of conducting foreign policy, so it has drifted back to the pre-war system in the matter of defence. Except partially in the case of Australia, Great Britain is once more paying for the sea power upon which the security and influence of the British Commonwealth so largely depends.*

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It is well to remind ourselves, therefore, that historically preference was the *quid pro quo* which the Dominions gave to Great Britain in earlier days in return for naval defence. In the 'nineties Great Britain began to suggest that the Dominions ought to make a contribution towards the cost of the navy which defended them. After making some small contributions the larger Dominions decided that they could not continue to do so on the perfectly sound ground that it would be of the nature of tribute, and that if they were going to contribute to Imperial naval defence at all it ought to be by creating some kind of naval armaments of their own. Until 1909, however, when Australia began the construction of her fleet unit and New Zealand contributed a battle cruiser to the Royal Navy, they did little or nothing of practical consequence. In the meantime, however, they recognised that if Great Britain were to continue to bear the lion's share of the defence burden, they ought to make it easier for her to do so by assisting her trade, and the preferential system was in the main inaugurated for that reason.

Inasmuch, therefore, as Great Britain is once more bearing almost the whole burden of naval armaments, the argument that she gives no reciprocity to-day falls to the ground. We are really once more back in the matter of preference, as in that of defence and foreign policy, in the pre-war position. Indeed, in so far as the existence of a Great Britain strong and wealthy enough to maintain a navy, which can protect the trade of the Empire and preserve its communications and maintain its influence in the world, is still a matter of vital concern to all its parts, the case for preference is really stronger than it was before the war, because Great Britain, in the present condition of world trade, needs it more.*

*The position with regard to the cost of defence and Imperial expenditure generally is shown in the appendix at the end of the article. As regards preference, the Australian preference accounts for 60 per cent. of the total value of the preference received by British goods in the Dominions.

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So much for the first preliminary, what of the second? Is it possible to give a new turn to the discussion of the whole problem of inter-Imperial trade? We think it is. THE ROUND TABLE never took sides in the old Tariff Reform controversy in the past, partly because under its constitution it was barred from party politics, and partly because it never believed that the future of the Empire had much to do with a discussion based upon the rival merits of theoretic protection and theoretic free trade argued from a mainly nationalist standpoint. Nor is the position essentially different to-day. So long as Great Britain says that the only condition upon which she can discuss tariff preferences is that complete free trade in foodstuffs and raw materials must be maintained, and so long as the Dominions say that the only condition upon which they can discuss tariff preferences is that protection high enough to keep all possible production of manufactured articles within their own borders must be maintained, then the problem will stay where it has remained ever since the war, and every attempt to revitalise it will end in the same way as it did during and after the Imperial Conference of 1923.

There is only one way to proceed, and that is for every part of the Empire to re-examine its policy in the light of the whole experience gained since both protection and preference were inaugurated, and of the vast changes which have come over the world during and since the war, and to see whether a much more scientific development of the almost immeasurable resources of the Empire might not be undertaken, and whether, in connection with such development, it might not be to the benefit of all parts to arrange for much freer trade within the Empire than exists to-day.

No sensible man wants Great Britain to abandon her traditional policy of free trade, especially in foodstuffs and raw materials, in order to benefit the Dominions by damaging herself. No sensible man wants the Dominions

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to abandon that policy of national protection on which much of their high standard of living and their spirit of healthy national individuality has been reared, in order to benefit Great Britain by damaging themselves. The question is rather whether by a survey of the economic resources and possibilities of the vast and diverse areas which are included within the British Commonwealth a series of fiscal arrangements cannot be worked out both for the supply of raw materials and the assurance of stable markets which will be of benefit to everybody, a possibility which is now never seriously examined at all because vested interests prohibit even the examination of the problem on the ground that the existing tariff policies of the different parts of the Empire are taken to be as rigid and unalterable as the laws of the Medes and Persians.

Let us enumerate some considerations, all of which point to the value of a new survey of the possibilities of freer trade within the Empire.

(1) There is no doubt that the economic future of the nations of the Empire is going to be profoundly affected by mass production methods, and that these methods in turn depend for their development and success on the existence of adequate and assured home markets. Several economic entities protecting themselves from the outside world but with immense free trade markets at home are in course of development. The United States is one, and its capture of the world trade in motor-cars is but a foretaste of what will come later. Central Europe under German economic leadership—a development already widely discussed in Europe to-day—is another possibility and even probability of the future. Russia under German organisation, China under Japanese leadership, are other possibilities. How are such relatively small units as Great Britain or the Dominions going to fare in competition with such entities as these? But does not the British Commonwealth with its immensely diverse resources, climates, vegetable, animal and mineral products afford the basis for an economic entity at least

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equivalent in wealth and size, if it is intelligently organised?

(2) Great Britain is resolutely determined not artificially to raise the cost of the foodstuffs and raw materials she imports and consumes. But has she really any insurmountable objection to taking action, possibly involving some temporary rise in prices, to direct the sources from which she derives these things within the Empire, provided she can see any equivalent compensation in expanding markets for her own manufactures and so in lessened unemployment? The investment of capital in production within the Empire gives to British industry at least twice as much employment as equal capital invested in producing the same things in foreign countries, for not only more of the original capital equipment but more of the articles which are bought with the wages paid to local labour are purchased from Great Britain. It is well worth Great Britain's while from the point of view of employment alone to consider what would be the effect on her own industries of encouraging capital to produce a larger proportion of the foodstuffs and raw materials, tropical and temperate, which she now consumes, within the Empire. It would be well worth the Dominions' while to consider whether it would not be good business to induce Great Britain to give them the protected market which would cause the transference of the production of raw materials and foodstuffs from foreign countries to their own territories by assuring Great Britain a protected market in certain classes of manufactured goods for the manufacture of which they were not yet really ready.

(3) Thirty years ago Cecil Rhodes opposed the ultra-protectionists in the Dominions on the ground that if they succeeded they would weaken needlessly the industries of Great Britain, the heart of the Empire, and would slow up the development of their own countries by artificially raising the cost of production so high that their primary producers would not be able to compete in the competitive markets of the outside world. He believed that manu-

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facturing industry would develop in the Dominions of its own accord as soon as an adequate local market had arisen—just as the centre of manufacturing gravity has moved steadily westwards in the United States, parallel with the population—but that the attempt to force the pace unduly would do harm to both sides. How far has Rhodes proved right? How far is it true that the relatively slow growth of population in the Dominions, despite the immense improvement in modern transportation, is due to artificially raised costs of production in communities which do not provide markets large enough to enable the cost of producing manufactured articles to be brought down. Moreover, if the cost of primary production rises still further, how is it going to affect the capacity of the Dominions to sell in the world markets the products by which alone they can pay the interest on the development loans on which their prosperity rests. Nobody, however, can tell how far these considerations are true or whether it is possible to remedy them without undue dislocation of existing trade arrangements until a scientific study has been made of the facts. No conclusion is possible so long as the principal evidence is the clamour and propaganda of the various vested interests affected.

(4) How far is it wise to carry the dogma of self-containment? Self-containment is usually preached as a policy of exporting as much and importing as little as possible. Yet how can that succeed? All trade is mutual exchange. A one-way traffic, if it is possible at all, means that it has to carry the charges of both the outward and inward voyage. The whole of Europe is suffering from the two doctrines of protection and self-containment carried to the point of insanity. Is it possible that within the Empire also they have been carried too far, to the detriment, as in Europe, of those who practise them?

(5) Finally, is it not possible to evolve a far more co-ordinated system than has yet been found for developing our Imperial estate to the mutual advantage of all? The

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Dominions, for instance, are increasingly in need of tropical products such as rubber and fibres, tea and coffee, to say nothing of oil and other substances not produced at home. Some of their industries, notably the Canadian agricultural implement and motor-car industry, are seeking world markets. Surely it is common sense to explore systematically the possibility of interesting the Dominions in these possibilities, as has already been attempted in the case of Canada and the West Indies.

In particular, four points seem to want consideration so far as the Crown Colonies are concerned. First, it is alleged that their development is being conducted to-day on far too bureaucratic lines. Is State Socialism really the ideal form of development for these territories? Secondly, the difficult relation between development through the enterprise and capital of the white man and the protection of the native from exploitation by the white capitalist needs much more thorough consideration than it has yet received. An era in which the white capitalist was left to do almost as he liked has been succeeded by an era in which the white man who seeks to develop the resources of Africa is looked upon as a natural enemy of the native, just because he is seeking to make a profit on the capital he has sunk in the country. Somehow white, black and brown humanity have got to learn to live and work and develop the resources of the earth together, and it is not going to help that process to overstress either aspect of what Sir Frederick Lugard calls "the dual mandate." Thirdly, far more information about the experiments made in different parts of the Empire, especially in agriculture, should be exchanged than is the case at present. The Imperial Institute ought to be made the centre for this. Fourthly, the dispute about rubber shows how vitally other nations are concerned in the development and tariff systems of tropical dependencies. No policy can be sound which does not meet the needs of foreign countries both for raw materials and a fair share of the markets. Nothing would damage the

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Empire more than that it should try and deter foreign capital from developing sources of the supply of raw materials within its boundaries or exclude foreign countries from trading with the quarter of the earth that its peoples control.

Enough has been said, we think, to prove that there is really original and vital work to be done by the Imperial Conference if the old outworn war between abstract free trade and abstract protection is abandoned, and a serious and scientific attempt made to see what practical step can be taken towards freer trade within the Empire without damaging the healthy and wholesome interests of any part. But nothing will be done unless the work is prepared. The Conference will assemble, there will be a plethora of talk, and in the end things will be as they were before. During the war the nation acquired the habit of enlisting the services of experts of all sorts and kinds in the preparation of schemes which were finally rejected, accepted or amended by practical statesmen. The statesmen of peace have no more time to think things out for themselves than had the statesmen of war. Why should this war-time method not be employed again? There are numbers of people in the universities only too ready to co-operate in scientific inquiry. There are men of wide experience such as Lord Inchcape, Lord Lovat, or Lord D'Abernon, available. Why should not a number of these men be asked to survey the whole situation from the standpoint of Great Britain and to advise the British Government what practical steps could be taken which would lead to the rapid development of Empire resources? Such a report would be an invaluable supplement to the report of the Imperial Economic Committee which is representative of the whole Empire, but which is hampered by strictly limited terms of reference.

But the condition of success is that such people should be given a perfectly free hand to make any recommendations they please. Unfortunately, in the past, the work of every inquiry has been stultified from the start by prohibitions

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put up by timid politicians frightened of vested interests, debarring it from considering all the practical methods of achieving results, such as alterations in tariffs, export or import licences, subsidies, etc. It is for the expert to examine all possibilities and suggest solutions. It is for the statesmen to decide whether they are practical and should be put into effect. And if it is common sense for the British Government to pave the way for a real instead of a sham discussion at the Imperial Conference by putting men such as those mentioned above on to the work of a really wide and all embracing inquiry, why should not the Dominion Governments do the same?

The main trouble of the world to-day is that the nations do not seem able to lift their thinking out of the narrowest national grooves, and so are led into adopting policies which are ultimately proved to redound to their own disadvantage. It is no less true of the Empire. Nationalism has rendered an immense service to it. It has spread self-government, self-confidence, self-help in every part. But to-day it is beginning to undo its own best work. If the nations of the Empire are to continue to help mankind in its slow advance towards world unity, world prosperity and world peace, it will be because they have learnt how to balance the national point of view with one which embraces the Empire as a whole. If the forthcoming Imperial Conference succeeds in lifting the consideration of the diplomatic and the economic problems which confront the Empire above the timid and narrow traditions which have come out of the past on to a wider and bigger plane, it will not assemble in vain.

APPENDIX

ESTIMATED IMPERIAL EXPENDITURE (IN STERLING) 1925-26, FROM ORDINARY REVENUE.

	Navy	Army	Air	War Debt, Service of	Pensions, World War	Total	Per Head of Population
	£	£	£	£	£	£	£ s. d.
Great Britain and Northern Ireland ..	61,205,645	45,471,000	15,809,762	355,000,000	69,187,000	546,673,407	12 8 3
Canada ..	280,000	1,802,200	376,190	Say 20½ millions	6,820,000	29,536,746	3 7 2
Australia ..	2,337,295	1,690,752	297,770	20,574,000	7,194,431	33,094,248	6 1 9
South Africa ..	72,352	738,974	100,041	1,390,439	720,000	3,021,806	1 19 3
New Zealand ..	444,215	412,875	445,100	1,230,000	6,538,190	6,538,190	5 1 9

In this Schedule the war debt service figures for Canada and South Africa are rough figures arrived at by taking 6 per cent. on their total war expenditure up to March 31, 1922. The corresponding British figure covers debt from William III's reign, though at the outbreak of war in 1914 the cost of the service only amounted to £24½ million. The figures in the right hand column are based in every case on the 1921 Census, except that an estimate has been taken for the population of Northern Ireland, no census having been held there since 1911, and for South Africa only the white population of 1,538,920 is taken into account, not the 5,617,399 non-white population. Generally speaking, too, the relative purchasing power of money in the different countries must be borne in mind, and allowance made. Its purchasing power is still higher, generally speaking, in Great Britain than in the Dominions.

Apart, however, from such points as these, the comparison is necessarily subject to a good deal of qualification. (1) The figures for defence, service of war debt and pensions do not exhaust "Imperial Services." Great Britain's annual expenditure, for instance, in the diplomatic, consular, Middle Eastern, and other services comprised in Class V of the Civil Service is not included, nor is the civil list, amounting to £640,000. The estimate for Class V for 1925-26 (omitting overseas settlement) is over £7 million. (2) In the defence figures, the £1,000,000 for development in the Australian estimate, the second of five annual instalments which are to bring up the standard of the three services, might be looked upon as an exceptional item, and it is true that the only fair comparison would be one averaged over a number of years. The new additions to the Australian Fleet will, however, themselves involve an appreciably larger ordinary expenditure for up-keep. (3) The war debt service figures are misleading unless amounts repaid out of sources other than the ordinary sinking fund are borne in mind. Great Britain, for instance, has already repaid the following sums out of surplus revenue:—

	£
1920-21 ..	230,556,789
1921-22 ..	45,193,246
1922-23 ..	101,515,848
1923-24 ..	48,329,073
1924-25 ..	3,658,884

Certain sums have also been repaid by the Dominions.

FASCIST REFORMS IN ITALY

I. THE DOCTRINE OF FASCISM

THE speech delivered at Perugia by Signor Alfredo Rocco, the Italian Minister of Justice, and formerly professor of law at Padua, on August 30, 1925, at the inauguration of the summer course of higher education, has a special importance in relation to the Fascist movement. Signor Mussolini, indeed, has defined it as a "fundamental speech," one that contains "the essence of the Party's policy, and the reasons why Fascism must combat all other parties, following the most decisive, rational and systematically intransigent methods." To understand the ideas which underlie the constitutional system of government which Fascism is building up in Italy, it is therefore necessary to go back to this speech.

Modern political thought, Signor Rocco pointed out, had until yesterday been completely dominated, both inside and outside Italy, by doctrines which owe their origin to the Reformation, their development to the philosophy of the seventeenth and eighteenth centuries, and their sacrosanct character to the English, American and French revolutions: the same which, under a variety of forms, sometimes differing widely from each other, coloured all the political and social theories of the nineteenth and twentieth centuries down to the birth of Fascism. These doctrines were all based on an individualistic and mechanical conception of Society and the State. Society is only a

The Doctrine of Fascism

number of individuals; its aims are, therefore, only the aims of these individuals. Society lives for the units of which it is composed, and the well-being and happiness of these units were, by general consent, defined as its goal. The different schools differed purely and simply over methods. Liberalism, for example, held that the best way of realising the happiness of the individual was to leave him alone as much as possible, and that the State's task was so to arrange things that everyone should be free without getting in the way of his neighbour's freedom. This regulative function, it insisted, must not be departed from, and nobody's liberty should be curtailed to a greater extent than was strictly necessary. To prevent Ministers abusing their powers, Liberalism hedged them round with a system of controls and checks. The principle of the division of powers was devised as a way of weakening the State as opposed to the individual. It was thus prevented from showing itself in its relations with him in the fullness of its sovereign authority. The individual citizen too was given a share in the legislative function and so enabled to exercise a direct control over the most important of the powers of the State and an indirect one over government generally. In this system Liberalism was careful to entrust the function of control only to citizens of proved character and capacity. But in this moderation it was illogical, for if the State exists for all the individuals who compose it, all these individuals must clearly take part in the government and not merely a small minority of them. There must, in fact, be equality as well as liberty. Liberalism, in other words, leads logically to Democracy, which proclaims the equality of all, and to the dogma of the sovereignty of the people. Logically, therefore, this individualistic theory must inevitably take a further step and lead on to Socialism.

The doctrine of Fascism, on the other hand, stands in direct opposition, not to this or that consequence of the Liberal, Democratic, Socialist conception, but to the con-

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ception itself. Liberalism and Socialism disagree as to methods, but Liberalism, Democracy and Socialism, on the one hand, and Fascism, on the other, disagree about principles. The Fascist doctrine turns upside down the old relations between Society and the individual. In place of the formula, *Society for the individual*, Fascism substitutes, *The individual for Society*. This, however, does not mean that Fascism suppresses the individual, but merely that it subordinates the individual to Society. Fascism does not suppress individual liberty; it simply has a different conception of it. Fascism agrees that the individual must be guaranteed the conditions which are indispensable for the free development of his faculties, but this is not because it recognises in him any right superior to that of the State, or which can be used against the State, but because it believes that it is to the interest of the State to develop human personality. If the individual is an element—though an infinitesimal and passing one—in the complex and permanent life of Society, his normal development is clearly necessary for the development of social life.

So much for civil liberty. As for economic liberty, Fascism recognises in it the central problem of the modern world; but it does not accept the solution proposed by Socialism—that is to say, the socialisation of the means of production and their collective organisation. The chief defect of that method is that it does not take human nature into account and is, therefore, often out of touch with reality. In reality, there is no stronger spring in human action than the impulse derived from the self-interest of the individual, and its elimination from the economic field would mean paralysis. But it is impossible, having rejected the Socialist solution, to leave the problem as it is. That would result in serious damage to the public peace, and to the authority of the State, such as one finds under a Liberal or Democratic régime. If the various classes are left to defend themselves by means of lock-outs, strikes,

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boycotts and sabotage, unchecked, anarchy will be the inevitable result. The aim of Fascist doctrine is to do justice between the classes, a fundamental need of modern life, and at the same time to prevent the individual from taking his defence into his own hands, as he used to do in the barbarous ages.

The problem, so put, admits of only one solution. The State which has for centuries substituted its own justice for the right of individuals to defend themselves must itself do justice between the different classes. In order to make the economic problem susceptible of a similar solution Fascism has created a syndicalism of its own. To suppress the right of classes to defend themselves is not the same thing as suppressing their defence. Class organisation is a fact and a necessity, and, as such, cannot be ignored by the State, but it must be disciplined and controlled, and brought within the compass of the State. According to the Fascist conception, the syndicate, instead of being the revolutionary instrument that the Socialist system made it, becomes an instrument of legal defence.

Such, briefly but objectively put, is the Fascist doctrine as expounded by Signor Rocco. It springs, he claims, from a pure Italian tradition, represented by Machiavelli, Vico and Cuoco, in contrast to the Liberal, Democratic and Socialist doctrines which are admittedly of foreign origin. In any case, it is the doctrine which has inspired the so-called super-Fascist laws which have lately been approved by Parliament, and now form the *corpus juris* of Fascism.

II. SUPER-FASCIST LEGISLATION : ECONOMIC

THE law which embodies the Fascist principles relating to economic life is the Syndicates Law, and it is the most important of the super-Fascist laws. Its main provisions are as follows: An association of employers and employed, whether engaged on manual or brain work,

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may be legally recognised if—in the case of employers—it includes at least *one-tenth* of the workers residing in the district in which the association operates and belonging to the category for which the association was formed; or if—in the case of workmen—those on its roll represent at least *one-tenth* of the workers residing in the district and belonging to such a category. To obtain legal recognition, however, associations must do more than look after the economic and moral interests of their members; they must also assist and instruct them and attend to their moral and *national* education and the leaders must guarantee their capacity, probity and *firm national faith*. A condition of admittance to such an association is *good political conduct from the national point of view*. The law empowers recognised associations to represent *all* employers, workers, artists and professional men who belong to the same categories within a district *including those who are not members*. As an association only has to have on its roll a tenth part of the workers of a given category in a given district to obtain legal recognition, it follows that it may in actual practice legally represent nine-tenths of the workers who are not members. Recognised associations impose an annual contribution not exceeding, in the case of employers, five lire for every worker employed and, in the case of workers, artists and professional men, the equivalent of a day's earnings, or 30 lire. All have to pay this sum, even those who have not been admitted into the association, or who have deliberately kept outside it. *Only one association can be legally recognised for each category*. There may be other associations, but one only, the legally recognised association, is entitled, under the law, to represent the category.

Every association has to have a president or secretary to manage its affairs, and their names *must be approved* by Royal Decree, *i.e.*, by the competent Minister in agreement with the Minister of the Interior. The presidents and secretaries are assisted by managing boards elected by the

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members; but the prefect may dissolve the board and concentrate all power in the hands of the president or the secretary for a period not exceeding one year. Collective labour contracts agreed to by recognised associations apply to all whom they represent, *non-members as well as members*. A copy of every such contract must be lodged with the local prefect. Trade unions of State employees or of employees of provincial or municipal bodies or of public philanthropic institutions cannot obtain legal recognition.

All disputes with regard to collective agreements are under the jurisdiction of the Courts of Appeal acting as a Labour Court. This jurisdiction is compulsory in all disputes between employers and employed which relate to the application of existing contracts. Where, however, the dispute relates to the fixing of new labour conditions, it is only compulsory in the case of agricultural and industrial undertakings, and of public works or works of public utility. In other cases the consent of both sides has to be obtained, but once established the jurisdiction becomes compulsory. To enable the Court of Appeal to act as a Labour Court, a special panel of three magistrates (with two assessors, experts in problems of production and labour, chosen from time to time from a list kept at every such Court), is formed at each of the sixteen Courts of Appeal in the Kingdom. Legal action in disputes arising out of collective agreements can only be taken by recognised associations, who alone are entitled to *represent all* the employers and *all* the workmen of the categories they stand for in their respective districts before the magistrates, and the Court's decisions apply to *all* the parties, whether they are members of the association or not. Lock-outs and strikes are forbidden in every case where the jurisdiction of the Labour Court is compulsory. In such cases an employer who declares a lock-out with the object of forcing his employees to agree to modifications of their agreements is punished with from three months' to a year's imprison-

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ment and a fine of from 10,000 to 100,000 lire. In the same way three or more employees who leave their work or *act in such a way as to disturb its continuity or regularity* in order to secure better terms from their employers get from one to three months and ringleaders not less than one or more than two years, as well as a fine of from 2,000 to 5,000 lire. Public officials and employees in undertakings of a public kind who to the number of three or more commit offences of this sort are imprisoned for from six months to a year and debarred from holding any public post for six months. Ringleaders get from six months to two years and may not hold a public post for at least three years. People responsible for public undertakings, or undertakings of a public character, who suspend work without proper reasons, receive from six months' to a year's imprisonment, and are fined from 5,000 to 10,000 lire. When employers suspend work or employees abandon it with the object of influencing the decision of a State, provincial or municipal board, or a public official, the responsible parties are given from three to seven years' imprisonment, and forbidden ever again to hold a public post; accomplices get from one to three years and are temporarily debarred from public office. Employers or employed who refuse to carry out a decision of the Labour Court are liable to detention for from one month to a year and a fine of from 100 to 5,000 lire, and the heads of legally recognised associations who fail to carry out such decisions get from six months' to two years' imprisonment and are fined from 2,000 to 10,000 lire.

The Syndicates Law, if one can judge by the importance attached to its adoption by the original nucleus of the Fascist party, is of all super-Fascist laws the most typical. It may therefore be of interest to relate the circumstances which attended its passage through the Chamber. Fascism is like a great river fed by tributaries. Nationalists, Plutocrats, Agrarians, and others have all helped to swell its waters, but it originally started as a little syndicalist

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stream. Signor Mussolini himself, when editor of the *Avanti*, was more of a syndicalist than of a reformist Socialist. There is no reason to emphasise here the difference between the syndicalism professed by the Italian syndicalists, who twenty years ago were faithful followers of Sorel, and the syndicalism represented by the Syndicates Law. It is enough to say that the Sorellian kind set the syndicate against the State; whereas the syndicalism which is set up by the new law is a docile instrument of the State. The explanation, in this as in other instances, is that the law represents a compromise between nationalist and syndicalist ideas.

The original Bill sanctioned compulsory arbitration for agriculture and the public services, but not for industry. The syndicalist wing of the Fascist party, however, insisted upon it being applied to industry as well. The industrialists resisted for a long time, and the ranks of Fascism itself were split by a regular duel between the industrialists, supported by the nationalists and other elements of the right wing, on the one hand, and the syndicalists and other elements of the left, on the other. The industrialists were anxious lest the law—if applied impartially—should result in severity or even in injustice to themselves. In the end, however, they capitulated—no doubt they had assurances as to the way in which the law would be interpreted under the Fascist régime. The Fascist deputy, Signor Benni, who is also the president of the Italian Confederation of Industries, expressed his conviction in the Chamber on December 9, 1925, that the

first effect of the recognition of the syndicates will certainly be to give to the workers, more than to the industrialists, a magnificent instrument for increasing their efficiency as a public and social economic factor.

With regard to compulsory arbitration, he added that it would be "absolutely impossible for a Labour Court magistrate to form any idea of the multiform and con-

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tinually changing conditions of industry," and he finished up with the prediction that "the application of compulsory arbitration to industry as well would be the beginning of the end for Italian industry." Two days later Signor Mussolini himself took up the defence of the law in a powerful speech. The industrialists should, he insisted, accept compulsory arbitration like other people, and the dangers to which Signor Benni had called attention need arouse no anxiety.

Those who hesitate should (he continued) bear in mind the (Fascist) régime and the Government. The workmen's syndicates are Fascist, and if they wish to bear the name of Fascist, and to move under the shade of the lictor, *they must control their actions and do nothing to diminish the productive efficiency of the nation, or to create difficulties for the Government.* Hence, besides the control that the Fascist syndicates must exercise over themselves, *there is also the sovereign control of the Government.*

This assurance satisfied Signor Benni. He withdrew his opposition and accepted compulsory arbitration for industry.

This episode is worth mentioning as it makes it clear that the experiment which is now going on in Italy has no value for the outside world, since the conditions under which it is being carried out—as Signor Mussolini frankly admits—are at present found in no other country. The apparent capitulation of the industrialists was not, however, unconditional. The General Confederation of Industry has become the *Fascist* Confederation of Industry, but by way of compensation it has obtained a seat on the Grand Council, the highest body in the Fascist hierarchy, and Signor Benni will there be able to protect industrialist interests against Signor Rossoni, the deputy who represents the Fascist workmen's syndicates. It would have been interesting to know what the workers really think of the new law, but this is impossible. The Confederation of Labour has not, like the sections which it used to represent,

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been formally dissolved; but no labour journal is any longer in a position to express independent criticism, and congresses and referenda are out of the question. All that can safely be said is that the old leaders of the trade unions which adhered to the Confederation remain faithful to the ideal of *free* trade unions, and that they object in particular to two articles in the new law. The first is the position given to the secretary or president of a trade union. It is not clear if they are to be elected by the workers, or nominated by the prefect; but it is in any case certain that they must be *personæ gratae* to the prefect, as the latter has the right to annul their appointment. Secondly, it is considered monstrous that workers should all be obliged to pay their annual quota to the syndicates without having the right of joining them. A worker can be refused admission for *political reasons*. It may, for instance, be represented that he is not animated by national sentiments.

Another recent Fascist law in the economic field is that which provides for the formation of Provincial Councils of Economy. This law is intimately bound up with other reforms, such as the amalgamation of the Ministries of Agriculture, Industry and Commerce into a single Ministry of National Economy, the establishment of a Superior Council of National Economy and other measures, by means of which the Fascist Government has unified the public economy services with the idea of co-ordination. The Provincial Councils of Economy unite and take the place of several bodies which had lost their efficiency. Their function is to represent productive activities in each province, to promote their development in a way that fits in with the general interests of the nation and to perform other duties of a consultative and executive kind, having decentralisation for their object. The Council of each province comprises four sections, which are respectively concerned with agriculture, industry, commerce and social welfare. Maritime provinces may also have a maritime section. Each section consists of the following:

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(1) experts, such as professors of agriculture, forestry inspectors, provincial doctors, veterinary surgeons, bank directors, engineers, directors of departmental railways, labour inspectors, and others; (2) members nominated by the Ministry of National Economy to represent provincial institutes and associations of a technical, economic and social character; (3) members elected by legally recognised syndicates to represent agriculturists, tradesmen, industrialists, and employees and workmen.

III. SUPER-FASCIST LEGISLATION : POLITICAL

JUST as Fascist doctrine, as explained by Signor Rocco at Perugia, has found its expression on the economic side in the Syndicates Law, on the political side it is represented by a series of enactments which, by different paths, all make for the same end, the curtailment of the liberties of the individual and the strengthening of the prerogatives of the State and of the Executive. The object of some of these enactments, the Associations and Bureaucracy laws, for instance, and the *Fuorusciti* (Exiles) and Press laws, is self-defence. Their purpose is the protection of the State and the Fascist régime. Others, such as the *Podestà* Law and the measures which increase the powers of the head of the Government and of the prefects, are of a constructive character. These last and the Syndicates Law may indeed be looked upon as corner stones of the new edifice. As far as Parliament is concerned, nothing has yet been done. The Government has, however, officially declared its intention of introducing a Bill at an early date for the reform of the Senate. It would make the latter an entirely elected body, and have its members elected by the syndicates. Of the fate of the Chamber nothing certain is known, though a strong element in Fascism would like to see it abolished. The Chamber, however, still exists, although it functions in a very peculiar

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atmosphere. Two electoral measures have been passed: the famous Acerbo Law—in the main a provisional expedient to secure a large Fascist majority for the Government in the elections held on April 6, 1924—and the law to abolish Proportional Representation, introduced by Signor Mussolini in December 1924, and approved by the Senate in February 1925. This last measure established the one man constituency, but with qualifications which, effectively if not formally, limit the scope of manhood suffrage.

Constructive Legislation

But the most open attack which has been made on the representative principle is in the municipal sphere. The new *Podestà* Law does away with any form of municipal representation in 80·2 per cent. of the Italian municipalities. The word *podestà* takes us back to Italian communal life in the fourteenth century when the highest official in the mediæval republics was called by that name. The Fascist Government held that

municipalism is an Italian sore, and that the present condition of the small municipalities shows the way in which factious local struggles destroy all sense of the collective good, all respect for justice, and all criterions of economy and wise administration.

It decided to abolish elections and councils in all municipalities with not more than 5,000 inhabitants, and to entrust their administration to a *podestà* nominated by the Government through the prefect of the province. The *podestà* holds his post for five years, but his term may be extended. A *podestà* may also be nominated for municipalities with a larger population when for some reason or other their councils have been dissolved twice in two years. The prefect may allow the *podestà* the assistance of an advisory committee, one-third of whose members are directly nomina-

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ted by himself and the other two-thirds by economic bodies, syndicates and local associations selected also by himself. The functions of this committee are, however, only advisory. Its opinion has to be given in questions involving financial engagements ; but even when it is opposed to his own view it does not tie the *podestà's* hands. He has merely to have the fact recorded in the minutes. The *podestà's* conclusions are submitted for the approval of the prefect and the Provincial Administrative Council. His office is an honorary one, but in exceptional cases the prefect may give him a sort of indemnity. Out of 9,148 Italian municipalities—ranging from Clavières (Susa), with 58 inhabitants, to Milan, whose population has, since the war, increased to 840,000—7,337 will have a *podestà*, and only 1,811 the old elected municipal councils. Thus this new law will bring all local autonomy to an end in 7,337 municipalities, and the prefect—the direct representative of the Executive in the provinces—will become the absolute arbiter of municipal life. The *podestà*, whose name is the only thing about him that recalls his mediæval namesake—the latter was elected either by the Grand Council or by the Elders of the Commune—will simply be an official of the central Government. He will exercise plenary powers and the citizens will no longer have any voice in the administration.

The Prefects Law, like the *Podestà* Law, is intended to increase the vigilance and strengthen the control of the Executive over every kind of provincial activity. It also imposes upon the prefects the duty of taking steps "to ensure, *in harmony with the general policy of the Government*, unity of political action in the development of the various services." The prefect must accordingly keep in close touch with officials in his province so as "to impart to them the instructions that are considered expedient."

We now come to the last of the constructive laws : the one that Fascists proudly claim to be the most anti-democratic of all, the Prime Minister Law. Its two most impor-

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tant articles are the sixth and the ninth. Article 6 reads as follows :

No item may be placed on the Order of the Day of the two Chambers without the consent of the head of the Government. The head of the Government has the right to demand that a Bill, rejected by one of the two Chambers, shall again be put to the vote after the lapse of at least two months from the date when it was first voted upon. In such a case the vote must be taken by secret ballot, without debate. In the event of the Government introducing amendments with the demand for a fresh vote, the examination of and the debate on the Bill shall be limited to the amendments, and a secret vote on the Bill then taken. The head of the Government has also the right to demand that a Bill, after rejection by one of the two Houses, shall, nevertheless, be placed before the other House, examined by the latter and put to the vote. When a Bill, already approved by one of the two Chambers, is approved by the other with amendments, the new examination and the new discussion before the Chamber to which the Bill is sent back shall be limited to the amendments, after which a secret vote must at once be taken on the Bill.

This means that the Italian Chambers can no longer even take notice of Bills introduced by private members unless they have the approval of the Prime Minister, and that the Prime Minister may at any time have passed any measure he wishes, even when the opinion of the Chamber is unfavourable. In other words, Article 6 transfers the supremacy from the Legislature to the Executive.

Article 9 creates a privileged position for the person of the Prime Minister. It reads as follows :

Whoever takes direct action against the life, the integrity, or the liberty of the head of the Government, shall be punished with imprisonment for not less than fifteen years, and, if he succeeds in his attempt, with penal servitude for life. Whoever offends the head of the Government by word or deed shall be punished with imprisonment for from six to thirty months and a fine of from 500 to 3,000 lire.

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Defensive Legislation

It was pointed out on a previous page that the principal laws passed to protect the present régime are the *Fuorusciti* (Exiles), the Associations, the Bureaucracy and the Press laws. The word *fuorusciti* has, like the word *podestà*, a flavour of the Middle Ages. Dante became a *fuorusciti* when the Black faction, out of political hatred, banished him from Florence. The new law provides Fascism with a weapon which it can use either against opponents who have taken refuge in other countries, or against those who are carrying on a hostile propaganda abroad from Italy itself. The report which came before the Chamber when the Bill was introduced reminds one of analogous measures invented in self-defence by the French revolutionaries, and also of Napoleon's famous 1809 decree, which confiscated the property, not only of people who had borne arms against their country, but also of those who failed to obey a summons to return there. The Fascist law deprives Italians, who live abroad and contribute articles against the existing régime to the Italian or foreign Press, of their nationality and in certain cases confiscates their property. It also confiscates the property of people who retain their Italian domicile but frequently go abroad

to preside over meetings, to participate in foreign public gatherings, to hold conferences which sometimes make even learning the cloak for their blind party rancour. The damage which these last bring to the prestige of Italy is greater than it may seem at first sight, because their field of action is among foreign intellectuals desirous, in every country, of knowing and learning from the lips of interested parties the vicissitudes of the experiments which, like that undertaken by Fascism, arouse their deep interest.

The Associations Law, aimed ostensibly at secret societies, and particularly freemasons, in reality limits the

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right of association itself. Under it all societies have to submit their statutes and a list of their members to the local authorities. In this way every society without distinction, not only secret societies, comes under the control of the prefect, who may or may not allow it to exist, and who even after approval has been given may later on dissolve it. The obligation to notify names exposes individual members to the risk of pressure from the police or employers or other interested persons. The Bureaucracy Law, too—these super-Fascist laws are all links in a chain—is designed to deter public officials—professors, magistrates and others—from holding, or at all events from professing, opinions hostile to the dominant régime. Article 1 of the law, which was passed in December 1925, and is, curiously enough, to remain in force for only a single year, gives the Government the right to dispense with the services of officials

who, because of manifestations made in or outside their offices, do not give full guarantee of the faithful fulfilment of their duties, or act in a way incompatible with the general political lines of the Government.

This law was approved by the Senate on December 19, 1925, but some of the most influential Senators, Professors Vitelli and Ruffini, for instance, solemnly warned the Government of the risks it involved for the liberty of Universities, and the independence of the Judiciary.

The latest super-Fascist law is the Press Law. This enactment abolishes the *gerente*, a term of French origin. Until yesterday anyone who lent his name, for payment, and "signed" a paper, though unaware of its contents, was at law penally responsible for whatever was printed in the paper. Italian Liberals and Democrats had long demanded the abolition of the *gerente*. Henceforth the only person responsible at law will be the editor or, where the editor is a deputy or a senator and cannot in consequence be directly sued without the authority of Parliament, one

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of the principal sub-editors. The responsible editor or sub-editor must obtain the recognition of the chief magistrate of the Court of Appeal in whose jurisdiction his journal is printed. Recognition can be refused or revoked if there have been two previous convictions of Press offences. A statement containing the name, domicile and residence of each of the proprietors, or, if the newspaper is carried on by a company, the names of the Directors, must also be submitted to the magistrate at the beginning of every year. Lastly, the law creates an Order of journalists, which will have a branch wherever there is a Court of Appeal. This Order must keep a professional roll, and only those whose names appear on it are allowed to practise as journalists. This law would be free from any trace of super-Fascism or even of Fascism, but for the Royal Decrees of July 1924 and Article 3 of the Municipal and Provincial Law, which are to be kept in force at the same time. Article 3 endows the prefects with plenary powers and the decrees contemplate drastic measures, such as sequestration, warning, suspension and suppression, which are put into effect by the prefects for political reasons, without any of them being followed by a regular trial. Their effect, and that of a campaign conducted by other methods, has been completely to silence the Opposition Press. The great newspapers, whose proprietors have in several cases been forced to dispose of their shares and "clear out," have had either to pass over to Fascism, or to pledge themselves not to oppose it in any way. No newspaper which dares to call itself Liberal, Democratic or Constitutional is allowed to appear, and two or three working-class journals, like the Socialist *Avanti* and the Communist *Unità*, whose circulation has been reduced by boycotting methods, appear without comments. If they were to make any they would be sequestered. The so-called *Fascistisation* of the Press was completed last December. Doubts about its expediency or wisdom were expressed by several Fascist writers, and on December 30, 1925, the *Popolo d'Italia*, Signor

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Mussolini's own organ, in order to still such qualms, published an article which required no signature to reveal its author. After reminding its readers that "in the life of to-day all the old margins are reduced to an extraordinary degree," and that "there is no longer any room for many things which were excellent in other times," the article concluded with the following words :

"To-day, among the things for which there is no room must be included the Opposition."

AMERICAN PROSPERITY AND AMERICAN POLICY

THE books are closed, "as of December 31, 1925." It has been a year of great prosperity for the United States. It has been a year of such prosperity that even the most optimistic prophets of three months ago were amazed to see the final figures. To some extent, strange as it may appear, the results came unperceived. In early summer the steel trade was grumpy; in late November the mercantile reviews were pitched in a minor key. Nevertheless, the statistical summary of the Federal Trade Board, published soon after the first of January, shows that during the year 1925 all previous records were broken for volume of manufacture, building activity, output of steel ingots, of automobiles and of petroleum. Railway traffic was unprecedented, while the total value of the combined imports and exports was greater than that of any year since 1920. In 1913 the foreign trade of the United States amounted to slightly more than four billion dollars; in 1925 it amounted to just over nine billion.

With the old year ended, financial authorities began to look ahead. They found at least six factors which foreshadowed the continuation of a considerable measure of prosperity during 1926.

1. The credit of the Federal Reserve Banks is not overtaxed.
2. Inventories and credits are in a healthy state.
3. The excess of exports over imports is less in dollars than the 1913 difference, and far less still in the percentage of business done.

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4. Exports of gold, for the first time since the war, exceeded imports—and that by \$134,000,000.

5. The Locarno Treaty opens the way for further important steps in European reconstruction.

6. The Coolidge Administration commands the confidence of business and industry.

Thus, in the January 1 issue of *Commerce Reports*, the Secretary, Mr. Hoover, touched on "some phases of the situation which require caution": real estate and stock speculation, the over-extension of instalment buying, and the instability of the coal industry. But—

the dominant factor in our outlook (he said) is our increased productivity, due to fundamental and continuing forces—such as the cumulation of education, the advancement of science, skill and the elimination of waste. Other favorable indications on the immediate horizon are that the stocks of commodities are moderate; there is employment for practically everyone; real wages are at a high level; savings are the largest in history and capital is therefore abundant; and the whole machinery of production and distribution is operating at a higher degree of efficiency than ever before.

These predictions are rather more than New Year's talk. In November, Colonel Ayres of the Cleveland Trust Company, one of the ablest American economists, felt sure that the tide of business would slacken early in 1926. A month later he had revised his opinion. Writing in the *New York Evening Post*, he said: "The outlook for 1926 is a favorable one in that it promises to be a time of general prosperity. . . . This outlook is modified by the prospect that during the latter part of the year the business tide is likely to be running out instead of continuing to flow in." So much for the prophets. We shall see what we shall see. But in an article of comment on American affairs as of January 1926 one must give chief place to the great prosperity of the past year, and to the expectation that it will be repeated during the next twelve months.

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II.

IT was unfortunate that Mr. Hoover chose just this moment to launch an attack upon the alleged British monopoly of rubber. Under the Stevenson plan the cost of raw rubber had risen out of all expectation, until a scheme which had been put into effect by the British Government for the purpose of setting the East Indian plantations on their feet, had become an engine for grinding out huge profits. These profits came out of the consumer's pockets,—and while the law, in terms, was of general application, it worked in fact a special hardship upon the United States because of its large rubber consumption. It is understood that the American Government, as early as last July, began to lodge protests in London. Certainly Mr. Hoover himself in his Erie speech of October 31 expressed vigorous objection to foreign monopolistic measures which imposed, or might impose, unfair price burdens on the United States. But this direct attack on the Stevenson plan, his bill of particulars against the British rubber regulations, came at a poor time. His statement was made on December 29. Almost before the words were out of his mouth, and certainly before his arguments could be answered, the amazing story of the prosperity of the United States during 1925 began to reveal itself in the year-end figures. Sir Robert Horne saw an excellent opening, and his full reply, cabled to the *New York Times* of January 3, makes interesting reading. He concluded:

I confess that my compassion is not moved at all when I contemplate the position of those in America who seem to be so seriously injured by the present price of rubber. I have seen some of Mr. Firestone's jeremiads, but when I look at the report of his company, I find that its net profits, after writing off depreciation, and necessary payments for Federal taxes, have risen from \$7,000,000 in 1922 to \$12,000,000 in 1925. . . . I shall wait for some more authentic figures than these before my withers shall be wrung with pity.

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A few days later the Nash Motor Company declared a 900 per cent. stock dividend. Certainly the Stevenson plan had not done much harm to Mr. Firestone's tire company, or to Mr. Nash's Motor Company.

Not only did Mr. Hoover choose a bad psychological moment. He made a somewhat weak case. Democratic papers like the *New York World*, the *New York Times*, and the *Baltimore Sun*, turned their guns on him. The liberal weeklies, joining in with a smart display of temper, found themselves in the unusual position of appearing to defend a foreign monopoly. Against attacks from these two quarters, the Secretary of Commerce was prepared by experience: but the unkindest cut of all came from the United States Rubber Company, whose President testified before the Congressional committee of investigation that the inquiry was hurting his business. With 130,000 acres now under cultivation in the East Indies, 46,000 of which were already bearing, the United States Rubber Company found no fault with the Stevenson restriction. And then there was the statement of Leland Summers, formerly technical adviser to J. P. Morgan and Company, later Chairman of the Foreign Division of the War Industries Board. Mr. Summers rolled up his sleeves and stepped forward:

There is no nation at any time in the world's history (said he) that has made a more sincere effort than the American Government to erect barriers to prevent the free flow of materials and commodities. The Secretary of Commerce might learn of some of these barriers that have been erected, and it might astonish him to paraphrase his own article by saying that one Government has sought "by legislation and benevolent Government support" to dam the free flow of essential commodities against some fifty nations of the world.

In the hearings of the Congressional committee which his outburst called into being, Mr. Hoover was asked whether a ten per cent. tariff did not exist on rubber, under American law, and whether the American consumer

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was not thereby forced to pay additional millions for tires. Mr. Hoover avoided debate, saying that he could not agree either "with the premise or the figures." The embarrassing question was not pressed. But outside critics have pointed out that the entire American tariff is cast in the same mould as the Stevenson plan—the one restricting imports, the other restricting exports. They have called attention to a virtual monopoly of hemp recently established in the Philippines, by legislation which prohibits even the export of seed for planting elsewhere. They have discovered that while the Secretary of Commerce is inveighing against the practice of one Government in raising rubber prices by restriction of output, his colleague, the Secretary of Agriculture, is talking with heads of farm organizations about raising the price of corn by like restrictions on output. If the life of the United States depends upon a free flow of the now controlled products—rubber, coffee, nitrates, sisal, potash, iodine, tin, quebracho, mercury, and quinine—does not the life of other countries depend to the same degree upon the free flow of their manufactured products to the American consuming public? . . . It was to this kind of argument that Mr. Hoover exposed himself by the case as he made it in his two public utterances, and in his testimony before the Congressional committee. But something more might well be said for the American point of view, and it will be said later in this article in an appropriate place.

So far as rubber is concerned, the immediate crisis seems to be past. On February 1 the East Indian plantations will be permitted, under the Stevenson plan, to return to "standard output" of 1919. This by no means ensures unrestricted production and unrestricted export: but it eases the situation materially. Moreover, under the impetus of Hoover's attack, crude rubber prices have dropped twenty-five per cent. from their high point. Two major schemes are under way for plantations under American control, both of which are supplementary to

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Henry Firestone's 2,000 acre lease in Liberia, and to his hope "eventually to develop a million acres of rubber" in West Africa. The tire manufacturers, with not unnatural reluctance, agreed to promote economy among their customers. At last, on January 18, Mr. Hoover told the Congressional committee that he was satisfied with the results achieved. But it remains to be seen whether he has broken a monopoly, or broken a market.

III.

"IT is the intrusion of Governments into trading operations on a vast scale that raises a host of new dangers—the inevitable aftermath of any such effort by political agencies to interfere with the normal processes of supply and demand. Our experience of the last twelve months with these controls has developed a series of fundamental questions which we can no longer ignore and upon which we must determine a national policy." Here, beyond the question of price of spot rubber, beyond the question of a likely rise in the cost of potash f.o.b. Bremen, is the matter that is on Mr. Hoover's mind.

There are those who attempt to explain his flurry in terms of political ambition. Here was an opportunity, they say, for a man who keeps the White House for ever in the corner of his eye to remove the two disabilities under which he has suffered as a prospective candidate for the Presidency. He is thought to be pro-British: so he makes it clear that he, too, isn't afraid to lay hold of the Lion's tail and twist it. He is unpopular with the farmers: so he'll make a dramatic (and successful) effort to save their upkeep cost on their Fords! Or the shrewder ones say: Not a bit of it. There's a policy at stake, and the issue lies between the Secretary of Commerce and the Secretary of Agriculture. Jardine is flirting with the farmers who want the Government to provide a price-fixing arrange-

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ment which will stabilize the sales price of farm products. This Jardine was virtually picked by Hoover, so Hoover can hardly attack him: but he can, by attacking a rubber monopoly, give the public in advance a picture of the dangers which attend artificial governmental aid to the producer of staple commodities.

The writer offers an explanation which is certainly fairer to Mr. Hoover, and probably a good bit nearer the truth than the petty explanations which have gone the usual rounds. The moment of his outburst may have been badly chosen, his arguments may have been open to refutation, but his attitude and his vehemence ought not to surprise anyone who knows his experience as Food Administrator, his philosophy as author of *American Individualism*, and his program as Secretary of Commerce. As Food Administrator his task was complicated by the British and French Governments, who played havoc with the American wheat and meat markets, by timely and concerted action both in purchasing and in "pausing." When, after the war, he labored out his economic philosophy and wrote his one book—a principle emerged: "It is where dominant private property is assembled in the hands of the groups who control the State that the individual begins to feel capital as an oppressor." The position of capital must not be weakened. It must not appear oppressive. And to assure this, dominant private property must be kept out of the hands of "the groups who control the State." The evil genie is now identified as those who with governmental authority regulate the output and price of rubber, coffee, nitrates, sisal, potash, iodine, tin, quebracho, and mercury. Hence the alarm; Capitalism, at its best, is in danger.

And, lastly, as Secretary of Commerce, he believes in the policy of maximum production for this country. You'll find it all in the book, written long before the Stevenson plan was heard of, but soon after he entered the Cabinet. "It is a certainty," he said, "that we are confronted with a population in such numbers as can only exist by produc-

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tion attuned to a pitch in which the slightest reduction of the impulse to produce will at once create misery and want." Under the capitalist system as it exists in the United States, high real wages obtain. They can be kept high if production continues at full blast. They can go still higher as waste is eliminated, mass production is promoted, and labour-saving devices are increased. But in this scheme of things, rubber must remain at an attractive price to the consumer, potash must be landed from Germany at an economical price to the producing farmer, and coffee must not be exploited by the Brazilian Government so as to impair the scale of living in the United States.

But there is reason to believe that Mr. Hoover is looking beyond the special interest of the American consumer. Nine "monopolies" already exist, each one of them supported in some fashion or other by Government. One of these, for example, is in tin, and though tin has not yet become a special subject of controversy—the British reader might look at the *Daily Express* of December 31, 1925, where he will find an article under the following captions: "America Pays for Tin; Parallel to Rubber Rise." And if he reads the article through, he will find (a) that America paid £253 per ton in 1925 against £159 per ton in 1922; and that Mr. Broadbridge, "chairman of a company which controls one of only five tin mines in the world capable of producing about 1,200 tons per annum," makes a statement. Mr. Broadbridge says of the United States: "Because she was caught out in rubber she is complaining. But what can she do? The price is controlled here, and America simply has to pay the price." One can well imagine Mr. Hoover asking himself how far this sort of thing is going to go, and whether it ought not to be checked where it is, before its effects are seriously felt by the American public. For obviously there are seeds of international ill-will in the situation, and nothing could be more dangerous to the spirit of international amity than for two such Governments as the United States and

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Great Britain to encourage their own citizens to mulct the citizens of the other. Obviously, too, if a régime of reprisals and retaliatory measures were really inaugurated, the United States with its great resources of raw materials would not be at a disadvantage.

If this explanation of Mr. Hoover's views is as correct as it is intended to be, it is no longer true to say, as he says, that "we must determine a national policy." The national policy is determined, to the extent to which Mr. Hoover represents the Administration, and the Administration represents the nation. It is the need for a program, not a policy, that is giving him concern. Meanwhile, for lack of a better one, there *is* a program: To protest to the offending Government through diplomatic channels. In case the protest comes to nothing, to give a public address on the general subject, and if that fails to produce the desired result, then make a vigorous speech on the subject in detail, naming names and giving chapter and verse. A Congressional investigation will take place, the market will break, and the crisis will pass. Meanwhile, . . . "replying to the questions propounded by Representative Newton (Republican, Minnesota), Mr. Hoover said that one of the most effective weapons used to break the Rubber Trust's grip was action by the Administration in advising American banking houses to withhold loans to those interested in that monopoly." . . . He said that "to oppose all loans to countries wherein monopolies exist which prey upon the American people would be in the nature of a reprisal, and the Administration has no intention to resort to retaliatory measures."

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IV.

SOME people would take issue with Mr. Hoover concerning the nature of a retaliatory measure. They would claim that a restriction against the free export of capital is, in fact, a reprisal against a restriction against the free export of rubber. But whether you call it a reprisal or a Heaven-sent boon, the Administration is employing an unusual, dangerous and delicate weapon to bring about desired ends.

It is unusual in that a practice arising out of the necessities of war has been revived for times of peace. The State Department, at the outset of the war, scrutinized private loans abroad with great care, so that the diplomatic and political projects of the United States Government might not be jeopardized. This practice, in the circumstances, was sound. But now the State Department, with the war more than seven years away, has revived its power for presumably peace-time purposes. The nature of the power is likewise unusual. The authorities do not disapprove of any proposed loan. Their recommendations do not derive force from any law. If the case be questionable in their eyes, they withhold approval, merely that. If the case is unobjectionable they "see no reason why the issue should not be undertaken," merely that. But it has been the disposition of most banking houses to observe the nuances of the Department.

In the second place, the practice is dangerous. It is bound to cause ill-will abroad, it is likely to involve the Administration in responsibilities for such private loans as are "not disapproved," and it is rapidly alienating the support of the banking fraternity. From the statements of the Department, one might think that Wall Street and Washington were in utmost harmony, that decisions were taken in a spirit of good-will and mutual understanding, and that all discussions between the American coffee bankers or potash bankers, or quebracho bankers and the Secretary

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of State (especially if the proposed loan were not approved) ended with a *Gaudeamus Igitur*. This simply is not so. Feeling runs high. And it is for the Administration to consider how far it can safely alienate the banking fraternity by continuing its present policy. For though production must be maintained at a high pitch in order to consolidate the economic position of the country, and though a free flow of raw materials is indispensable for this purpose, that is not the whole story. In the intricate process of stabilizing American prices, which has so far been successfully accomplished by new and devious financial methods, the Government must have the cooperation of the Street.

That is why the exercise of the veto power over loans is a matter of considerable delicacy. At the basis of American economic policy lies the protective tariff. On this point both Republican and Democratic parties agree. Such differences as they may have are concerned, not with the principle, but with the amount and incidence of tariff regulation. If the tariff is to be maintained as an effective wall against foreign competition, it is essential that the cost of production in competing countries should not go down, nor the cost of American production go up. A 10 per cent. fall abroad, or a 10 per cent. rise at home, would practically repeal the tariff scale.

Obviously the principal factor which, in the normal course of economic events, would inflate the cost of American production, is the swollen supply of gold accumulated in the hands of the greatest creditor nation. For more than two years past effective measures have been taken virtually to "sterilise" so large a portion of this gold surplus, that until now its existence has not had any serious effect upon production costs, through the undue inflation of credit. Thanks to 1925, with its large increase of foreign loans for public and private objects, the tide of gold has begun to flow away. It may now be said that a stabilisation of prices in the United States has been brought about, so far as the gold factor is concerned.

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On the other hand, to effect a comparable stabilisation abroad was not so easy. The financial power of the United States extends outside its borders only in indirect ways. But owing to the British example and to the apparent success of the Dawes Plan, European countries, one by one, are returning to "hard money." This, in turn, operates against a decline in production costs, and thereby tends to prevent the second possibility of a breach in the American tariff wall. What is more, a stabilised financial condition in countries on the continent of Europe (including Russia) is the first inducement to American bankers to invest there, either directly, or through intermediaries in England and Germany. And the very investment itself so tends to consolidate the financial and industrial position of the foreign country, as to make the reinvestment of the same funds attractive at the maturity of the obligations.

In all these delicate operations in a highly sensitive sphere of human activity, the cooperation between Governments and bankers, Governments and Governments, bankers and bankers, is indispensable. It is probably not without significance that Mr. Norman of the Bank of England and Mr. Gilbert, transfer agent for German reparations, found themselves in New York on the day when the rediscount rate of the New York Federal Reserve Bank was raised from three and a half to four per cent.

V.

AS for "political matters," in the usual sense of the word, it is enough to say that Congress is in session. Almost a year ago the Senate agreed to take up the question of American adhesion to the World Court on December 17. True to their word, discussion began on the appointed date: true to their tradition, discussion dragged on for over a month. At the outset it seemed certain that the President would carry his point, and that their consent

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would be given quickly. For during the summer and autumn months sentiment for the Court had increased and made itself heard, while the success of Locarno gave renewed assurance that Europe intended to go ahead on the basis of international accommodation and a will to peace. Supporters of the Court throughout the country were pluming themselves; Republican and Democratic senators of "regular" type would, for once, join hands to defeat a comparatively small group of irreconcilables of both parties, led by Senator Borah.

But as these gentlemen continued their deliberations, the yearly Tax Reduction Bill made its appearance, first in committee, and then, with unexpected promptness, in their very midst. Upon this rock the existing informal coalition of pro-Court Republicans and Democrats split: or rather, they diverged to such an extent that it was no longer possible to count upon their full cooperation. Those who expected to stand shoulder to shoulder to press the Court to a favorable conclusion, found themselves face to face over the issue of tax reduction. At this juncture it was suggested that with such a large group still favorable to the Court, the Senate should end its talk and proceed to a vote. The only way in which such a vote can be brought about is by the application of a rule of Senate procedure limiting the period of debate on a given issue. It takes a two-thirds majority to pass this cloture rule, but it has been applied in times past, and perhaps, in this instance, the Senate would have invoked it at an earlier stage to stop the mouths of a handful of filibusterers. For more than two-thirds of them were in favor of the Court in principle and therefore, one might think, in favor of voting it through. But there was one disturbing factor. Thanks to Vice-President Dawes' hot tirades this summer against the dilatory methods of the Senate, their prerogative of endless "deliberation" had become a point of special pride; and it was hardly to be expected that with their chief critic as presiding officer, they would prove him-

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right by invoking the cloture rule against members of their own body.

So it came that three parts of January gone found the World Court proposal still under discussion, and the Tax Reduction Bill still under discussion, and the proponents of both Bills still unwilling voluntarily to set a term to the debate, and the Senators, as a body, still unprepared to apply the cloture rule to either proposal. It was reported on good authority that the future of the Court was uncertain so far as the present session of Congress is concerned, and that the Tax Bill might not be passed until after March 15. On January 27, however, the situation changed. The cloture was applied and the motion for adherence to the Permanent Court of International Justice carried by 76 votes to 17. There were a few reservations, but nothing likely to prove impossible of acceptance by the Powers which belong to the World Court.

The motion was passed at a delicate moment. For "now is the winter of our discontent." Congressional elections will take place next November; and already, with the turn of the year, the Administration has come under fire. A little later and the "open season" might have wrecked the informal understanding that the World Court question should be treated as a non-partisan matter. Certainly the desire of the Democrats to snatch some credit for themselves, if possible, out of the Republican Tax Reduction Bill, has led to amendments, revision of schedules and a reapportionment of tax incidence—all of which will give them a flimsy justification for claiming co-partnership in a popular measure.

The Executive branch of the Government enjoys no special immunity, in spite of Mr. Coolidge's great prestige. The *New York World* has launched a strong assault upon the Attorney-General, alleging that he has thrown special protection around the Aluminium Trust, in which the Secretary of the Treasury has long been a principal stockholder. Even the President has been attacked by Senator

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Norris, one of the "wild men," who alleges that Mr. Coolidge has exercised undue influence upon the acts of the Shipping Board and the Tariff Commission. It is charged, in the one case, that the President exacted an understanding from Mr. Haney before appointing him to an independent administrative body: in the other, that the President refused to appoint a member of the Tariff Commission because the man under consideration would not sign an undated letter of resignation in advance, and thus place himself at the mercy of Mr. Coolidge's will. These charges, serious in themselves, will not make much headway alone against the President's position; but they may have cumulative importance later on.

It is hard to know how much importance should be attached to the current agitation on behalf of Western farmers who claim to be crushed under the burden of big corn crops at low prices. The farmers, it will be remembered, form the backbone of the Republican party in important States, such as Iowa, Kansas, Nebraska and Minnesota. They note with jealousy and resentment the unusual prosperity of the industrial East. Moreover, in many sections of the West, real hardships have been caused. Mark Sullivan, a correspondent who knows the situation at first hand, writes to the *New York Herald Tribune* that:

The Western condition includes an average of more than two bank failures a day; sheriffs' sales in nearly every county seat; cuts in the rents of city houses and apartments of as much as 50 per cent.; an estimate of the Nebraska State Bureau of Crop Statistics that the purchasing power of the farmers has suffered a reduction of \$62,000,000 this year.

Senator Capper of Kansas has made the sensational suggestion that a retaliatory campaign be started against the manufacturers. The farmers have failed, by mere asking, to secure government support for the segregation of a crop surplus from that part which is sold in the home market. By assailing the tariff, those who believe in the

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principle of price-fixing hope to weaken the Eastern opposition to a farm subsidy and force the Administration to surrender. Either their interests must get protection, or the manufacturers must yield up a part of the protection they so conspicuously enjoy.

Whenever the farmers raise their voices in any sort of unison, Washington is bound to listen. And now that the cherished Republican principle of a high tariff for the East is assailed, the Administration will be on the anxious seat. From what one knows of Hoover's attitude, and of the complete accord which exists between him and the President in these matters, there is little chance that the Western group will get the kind of help they are demanding. Failing this, they can be counted upon in the Senate, where they are proportionately strong, to oppose the President's program at every turn. For a long season to come, we may look forward to stalemate between the Executive and the Upper House, whether the Government's proposals lie in the domestic or in the foreign field.

Meanwhile the House of Representatives by a vote of 359 to 1 has appropriated \$50,000 for the expense of sending an American delegation to the preliminary Armament Conference under the League of Nations. The State Department's too long *incommunicado* has decided to forward copies of its treaties to the archives at Geneva. Neither the one thing nor the other has, as yet, any real significance. But they suggest the continuing interest in foreign affairs which faintly grows rather than diminishes, in the United States. More particularly they serve as reminders that the Executive branch of the Government is pursuing a policy—the policy of cooperating with the League of Nations in every way designed to promote peace and disarmament, provided the Senate be not involved, and provided that essential interests of the United States are not endangered.

United States of America.

January 1926.

Existing Parliamentary Control and Its Failure

I. EXISTING PARLIAMENTARY CONTROL AND ITS FAILURE

THE CONTROL OF PUBLIC EXPENDITURE

THERE was again an urgent demand in 1925 for reduction in the national expenditure, and not without reason ; for the session of that year not only increased the total of the Estimates and voted unknown millions in addition as a coal subsidy, but deeply mortgaged the future by flinging into the yawning gulf of " social services " the progressive shrinkage of the vast charge for war pensions, as well as by abandoning the reduction in that charge already due on account of the fall in the cost of living since 1919. And again special measures were taken to satisfy the demand : a triple bill, consisting of a Cabinet Economy Committee to review all expenditure, an enquiry by three supermen, primarily (at any rate) into the fighting Services, and intensified Treasury control of all Estimates in detail. But all this lacks novelty ; Cabinet committees on Estimates have long been an inevitable feature of our system, in one form or another ; there have been the Geddes and other enquiries by supermen ; and since the great expansion of the Treasury staff after the war no one can say that full provision has not been made for Treasury control. What guarantee, then, is there that this further dose of " the mixture as before " will have really cured the patient ?

TWO points stand out clearly : nobody seems any longer to look to the House of Commons for that control of the public purse which is in theory its first duty, but has now been openly appropriated by the Executive ; and yet, by the repeated calling-in of breakdown gangs from outside, the Cabinet confesses its inability to do this very work efficiently. The inference that something is wrong with the machine is irresistible. The first Minister or civil servant you meet will say at once that nowadays the House does nothing but call for further expenditure in every direction, and this is lamentably true. But is it wholly the inevitable result of the direct interest of large sections of the electorate in public prodigality, or is it not also a consequence of the perpetuation in the House of archaic forms of financial procedure adopted centuries ago for reasons having nothing to do with control of expenditure in the sense in which it is so sorely wanted to-day ? For while these procedures give complete formal control of every penny, in substance they give practically none. The causes of this failure lie close to the root of the problem of control.

Of our Budget of some £800 millions, about half represents the service of the National Debt and other standing charges which may be left out of account in this connection, and the other half covers the " supply services " voted annually. The method of dealing with these is familiar. No money can be spent on any such service until an Estimate to cover it has been presented, the vote passed by Committee of the whole House (without the Speaker), and again by the whole House (with the Speaker), and the grant formally confirmed by an Act of Parliament passed through all the usual stages in both Houses. With the

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waste of time involved in these mediæval proceedings we are not here concerned, but only with their merits as forms of control. The absurdity of expecting an assembly of some 600 persons, voting under party whips, to conduct any real examination of the Estimates is patent, and the results have been well summed up by two high authorities. Sir Herbert Samuel, chairman of the National Expenditure Committee of 1917, wrote that "so far as the direct control of expenditure is concerned, the Estimates might as well not be submitted to Parliament at all."* Commander Hilton Young, formerly Financial Secretary to the Treasury, in his well-known book on National Finance, says: "Once the Estimates have been published, the taxpayer's fate is sealed."† For some years, both before and since the war, an Estimates Committee of the House, similar in constitution to the Public Accounts Committee, has been appointed to examine in detail a class of the Estimates selected annually for the purpose, but, for reasons to be indicated later, it has accomplished little.

No Department can obtain cash to spend except through the Treasury and with the formal assent of the Comptroller and Auditor-General, based on the votes of the House. His officers sit in the spending Departments and carry out a current audit of all payments, examining all vouchers from the point of view of authority and regulation, and reading all the departmental files on which expenditure is initiated and conducted. When the year's accounts have been made up, they are referred with his report to the Public Accounts Committee, which examines the responsible officials in the light of the report and makes its own report to the House. Thus, so far as authorisation and audit constitute control, the House through its own Committees and its own high officer has a stranglehold; but for enforcing economy or getting value for money,

* Introduction to *Parliament and the Taxpayer*, by E. H. Davenport (1918).

† *The System of National Finance*, p. 23.

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the whole elaborate performance is ludicrously ineffectual. Why? Because large expenditures admit of control in that sense by one method only—viz., by accounts (or estimates, which are forecast accounts) designed for that purpose; and for such control our classical public accountancy is as far behind modern standards as it is ahead of the earlier plan of keeping the Exchequer accounts on notched "tallies." The forms of Estimate and account in which expenditure is brought before the House belong to a time when Parliament bargained for redress of grievances in return for limited grants to the King, and left all questions of economy to him and his Ministers, insisting only that money granted for one purpose should not be spent on any other; and to this day the only account rendered to Parliament is a mere cash-book comparing the year's payments with the grant, under each head. To simplify book-keeping, the money is classified in the votes and accounts under formal categories such as pay, food, buildings, etc., irrespective of the object of the expenditure; but as, on this plan, the various items of the cost of any activity, such as a hospital or a transport establishment, are not brought together anywhere, the accounts can never show the cost of anything. To bear on economy, accounts must arrange expenditure in the opposite way—viz., according to its object and not to its formal character, so that they show the total cost of each activity and compare with it the return obtained for the expenditure, measured in appropriate units such as the patient-day in a hospital or the ton-mile in transport. Only accounts of this type can give any indication of whether value is being got for the expenditure. It is as though one should catalogue the Zoo, not as containing such and such specimens of mammals, birds, fishes in their several orders, but as comprising so many tons of meat, bones, skin and feathers, and lay this catalogue gravely before the governing body to enable it to judge of the scientific progress made in the past and the

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programme for the future. In fact, Parliament and the Treasury in prescribing the classical forms of account for the use of the Departments say to them: "We shall not question how much you spend in this way or that, provided you have asked for rather more under the right head; we do not want to know anything about your debts, so long as they are unpaid; you have some hundreds of millions' worth of stores, buildings, etc., in your hands, with which you may do what you like without any entry in the accounts you render to us; you need not distinguish between capital expenditure and maintenance, or between new forms of expenditure and those that are already in progress. But if, say, you run short of horses (Army Vote 6) and so save on hay (Army Vote 7), you shall not spend a penny of the saving to make up the shortage, without getting an Act of Parliament to cover your misappropriation of funds." And so Parliament gets what it asks for: a formal comparison, under innumerable little heads, of a non-significant estimate with a meaningless expenditure, and a solemn printed explanation of each difference, in which unpaid liabilities are described as "surpluses" and over-expenditures are accounted for in a way reminiscent of the well-worn formula "the bankrupt attributed his bankruptcy to the fact that his expenditure had exceeded his income." With these as the realities of our system of control, what wonder if Members of Parliament who joined the House full of zeal to do real battle for national economy soon abandon the attempt? Finding themselves served out with bows and arrows, they either resign themselves to play nursery games with what grace they may, or become prominent in pressing for that "redress of grievances" for which our financial ceremonies were originally designed and which, in these days, always means more public expenditure. Membership of the Public Accounts Committee, though some men, like Thomas Gibson Bowles, have done vitally important work there, cannot satisfy the desire to share in the live control which

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national economy demands. Audit is essentially post-mortem, and the work of that Committee comes two years in arrears; while if accounts are so designed as to be meaningless in the sphere of economy, no audit, however prompt, can invest them with meaning. Anyone who will take the trouble to study the proceedings of the Committee will be impressed by the value of its work in certain directions and by the ability displayed in the Comptroller's audit, but these do not come into the present picture.

In the Great War even the semblance of Parliamentary control vanished. Expenditure could not be estimated in advance or limited by votes in gross or in detail. The House went through the form of voting Navy and Army estimates consisting each of 15 separate grants of £1,000, and the expenditure was first recorded under the traditional hundreds of subheads and items, and then written off *en bloc* against the Votes of Credit. Could futile formality go further? And what is to be said of a machinery that disappears when the need of control is greatest?

II. TREASURY CONTROL: ITS STRENGTH AND WEAKNESS

PARLIAMENTARY control on present lines being thus impotent, the Government offers Treasury control in lieu. This has the great merits of being applied in advance and of being based on long and wide experience of Government methods and the ability of picked men; but it has no independent authority, for the Treasury is as much the organ of the Government of the day as any spending Department, and is powerless against any Minister who can convince the Chancellor of the Exchequer or the Prime Minister, and *a fortiori* against the Chancellor himself if, in modern fashion, he should interest himself in promoting schemes of expenditure instead of criticising them. This form of control applies especially to what are called New Services—*i.e.*, the introduction of improve-

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ments or new forms of expenditure, and Establishment questions—*i.e.*, the numbers and rates of pay of employees. No new service may be included in the Estimates without the express approval of the Treasury, and even if (as in the recent case of Naval marriage allowances) a provisional sum is entered in anticipation of a decision, it is well understood that the voting of the estimate means nothing unless the Treasury sanctions the scheme. Such services are numerous and of all degrees of importance, but, excluding large questions of policy like shipbuilding programmes and the great social service schemes now so much in evidence, they form in the aggregate only a small fraction of departmental estimates, and it would be a progressive Ministry in which they averaged one fiftieth of the yearly total. The great bulk of the £400 millions of "supply" expenditure follows Newton's first law of motion, proceeding uniformly except in so far as it is made to change by external forces; and in this province the Treasury, though not without power, has no efficient systematic control. What was justified under the conditions existing when a particular expenditure was first approved as a new service may soon become wasteful as conditions change, and there is no machinery for bringing this continuously to the proof. It is an error to think that an inspecting officer of any kind can judge the economic efficiency of an establishment by walking round it, questioning the persons composing it and looking at samples of their work. Something he may find, but much more will escape him. And nobody can judge whether the sums put forward in Estimates for the purchase of materials and stores are excessive, on present lines, where such things are not accounted for in value at all, and the estimate merely gives a comparison with the money provision for the year before; for the spending of a large sum on such purchases in one year is at least as likely to be a good reason for spending less the year after as for again spending as much. Without properly designed accounts, such as those recommended by the National

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Expenditure Committee of 1917, the Departments themselves do not and cannot know where the money is really going, or what return is being secured for it. Even for new services, Treasury control is necessarily exercised on what may be called the prospectus of the scheme. All prospectus-writers are optimists, and many are the failures when the day for dividends comes round; but our national expenditures escape this test; old and new are indistinguishably merged in our infantile accounts and no one can tell how far anticipations are realised. On the other hand, in Establishment questions Treasury control has become so highly centralised, minute and rigid that the need is for relaxation. For a vast over-centralisation always defeats its own ends, by multiplying trivial correspondence and losing sight of the psychological effect upon the human beings subjected to it.

In the Great War Treasury control failed, partly because, having no Parliamentary authority behind it, it could not attempt to limit the general scale of expenditure; and partly because, as we have already seen, a man who carries the Prime Minister's or Chancellor's signet ring—as many did in those days—can brush the Treasury aside.

III. WAYS OF EFFECTING SAVINGS

THERE are two modes of saving: one the good old-fashioned virtue of parsimony, not spending, or doing without things, and the other economy, or getting better value for money. The distinction corresponds broadly to that between saving by policy and by administration; for generally—though not invariably—policy savings are effected by abandoning some point as not worth its cost, while improved administration gains its points as before, but more cheaply. The dangerous half-truth, "expenditure depends on policy," is so far well-ounded that large savings can most readily be found by "letting

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something go." Work with the broad axe, like cutting down defensive forces or starving research, may be necessary under extreme pressure, but it may also be no more economy than infanticide is good housekeeping, and ought not to be resorted to until all possibilities of administrative economy have been exhausted. Does anyone believe that the work of government, as it stands to-day, is carried on with 95 per cent. efficiency? And every 5 per cent. of efficiency represents twenty millions a year. But this brings us back to the question of our machinery of control. Confront Ministers, Supermen, Members of Parliament, or any other men with the task of finding savings in an expenditure of £400 millions of a most varied and technical character, conducted by a number of huge and complicated organisations, and if they have any acquaintance with modern business methods they will start by asking for such accounts (or estimates in similar form) as would be available to the directors and managers of, say, a great railway, showing the costs of its various activities. Finding that nothing of the sort either exists or could be produced from such books as are kept, they are forced back on the alternative of a roving enquiry by examination of officials, based not on recorded facts but on such partial—and possibly out-of-date—knowledge or impressions as the enquirers may have gathered from experience elsewhere or from hearsay. In such an examination the official witness, with no accounts to help him, is himself very much in the dark as to the return really obtained for the money spent; but he knows the good intentions with which, at the prospectus stage, every part of the system was set up, and he has no evidence that these intentions have not been economically realised; he is there as the representative of his Department, to tell the truth, the whole truth and nothing but the truth *on behalf of the defendant*, and not to express personal misgivings if he should feel them; and he is likely to make a good defence against any attack based on knowledge still less complete

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than his own. What prospect is there of substantial administrative economy resulting from such proceedings? Here we have one reason why the Estimates Committee of the House, which is forbidden to touch policy, has effected so little direct reduction in expenditure.

But supermen, not thus restricted, turn to the more attractive path of saving by policy. Nothing is simpler than for a non-expert without responsibility for national interests to suggest reductions in this and that, based perhaps on superficial arguments. Some have urged, for instance, that mechanical invention has so increased the striking power of each unit of the fighting forces that fewer units now suffice, forgetting that our potential enemies are no longer savage or semi-civilised peoples, but share with us the progress of science. The supermen, it would seem, do not usually discuss the feasibility of the projected reductions with the technical authorities; they have been called in with flourish of trumpets to save the State when Ministers have despaired, they know that something striking is expected, and if they keep their own counsel the edge of the axe is not blunted nor resolution sicklied o'er with the pale cast of thought. Not till they have reported do the Departments get an opportunity of showing cause on the other side; and the Cabinet, which cannot avoid the final responsibility, may find itself with the choice of taking its policy in matters of grave import from irresponsible sources or discrediting the advisers it has itself chosen. There is great temptation to find cover behind what can be represented as *res judicata*, though the judges neither heard the matter fully on both sides nor themselves brought expert knowledge to it. This is not to say that the inevitable departmental objections to policy reductions ought to prevail, but that Government ought to retain in its own hands, in fact as well as in form, its own essential functions: for it is in this sense that, as Mr. Lloyd George said in last summer's "cruiser" debate, "finance is government."

This also is the weak point of the popular cry for

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"rationing the Departments." The precise meaning is vague, but the general idea is that a total is first to be fixed for the Budget, and each Ministry is then to be given a definite sum and told to cut its coat accordingly. How and by whom these sums are to be fixed is not explained, but the underlying suggestion is that it will be by some high authority who will have the sense to avoid being entangled in argument by the Departments. Of course, each Ministry now has its total fixed, after such examination of sketch estimates as the Treasury can give, by agreement with the Chancellor of the Exchequer and, in important matters, with other Ministers. Questions affecting vital national interests cannot be left to the sole decision of the Chancellor or even of the Prime Minister, but require the collective judgment of the Cabinet. The popular cry for rationing implies something less rational and more arbitrary.

But if supermen when called in should be limited to administration, while policy remains in the hands of Ministers, where is the line to be drawn? The distinction is relative rather than absolute, and it is not desirable that administration should be too narrowly interpreted, as it has been by the Estimates Committee of the House. Unfortunately, in practice many questions that are properly administrative are found to involve the personal interests of voters and to raise political issues. Thus, Sir Alan Anderson's Committee on the pay of government servants, in a report published in the autumn of 1923, found the large increases of pay given to the fighting forces in 1919 to be definitely excessive and, on the advice of the War Office, recommended large reductions in the pay of future recruits which would have made progressive savings in the Estimates amounting eventually to several millions a year. Two Governments (Conservative and Labour) left office without taking any action on this report; and in the new scales at last published for Army and Navy recruits the reductions have been whittled down to about

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half the Committee's recommendations, while the delay of two years has postponed the full realisation of even the reduced saving. It would surely have been more seemly for Government not to treat the findings of its own chosen supermen in this way, but to deal with the question on its own responsibility, as it has done in declining to adjust war pensions to present price levels in accordance with the explicit terms of the grants. The long-continued agitation against the shutting down of superfluous dockyards illustrates the same political difficulties. However crying the need for economy in general, any particular retrenchment always raises protests from the vested interests lying across the path and, with the present attitude of Parliament to finance, the part too often proves greater than the whole. If this sensitiveness to personal claims is to be a permanent feature of our political system the sphere of usefulness open to the superman is correspondingly restricted.

IV. THE REMEDY

IF, then, Ministers are too busy to control expenditure, the House of Commons too spendthrift to be trusted with any real power, the superman out of place in dealing with policy (and politics), and the Treasury and the Departments themselves unable to detect waste in the great mass of current expenditure, what hope is there of improvement? Much, if only we will discard our bows and arrows, adopt the recognised business machinery for measuring economic efficiency, and pay some attention to the psychological factor in both the House of Commons and the public services. The seventh report of the National Expenditure Committee of 1917 showed the way: the estimates and accounts of all Departments to be recast on business lines and the estimates to come for examination of their business merits before an Estimates Committee of the House, in liaison with the Public Accounts Committee,

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and having attached to it a permanent officer of the House to examine the estimates and "put up the game" for the Committee, as the Comptroller and Auditor-General does for the Public Accounts Committee. Votes on Account would give the House opportunities as at present for discursive talk on policy and grievances; but for final disposal each vote would come up on report of the Committee, and a correction of any figures of an estimate found faulty on its business merits would not be made a party question of "confidence." The Committee would not pronounce on the merits of policy, but from the reformed estimates it could ascertain (as nobody now can) the cost of a particular policy, so that the full House might debate it with knowledge now altogether lacking. With such a Committee it would no longer be true that (as Speaker Lowther said) "the advocates of economy get no look-in and have no ties binding them together and no influence with the Whips"; there would be scope for critical work of first-rate importance such as is done in the budget committees of the French Parliament, but without the feature, foreign to our polity, of initiating policy; and the character of Estimate debates in the House itself would be transformed.

The House of Commons approved this report, and the Government permitted an experiment with remodelled estimates and accounts, from 1919-20 onward, in the army, where the orgy of uncontrolled extravagance during the war had originated a call for reform; but it would allow no extension to other Departments and refused the proposal, vital to the whole scheme, to give the Committee a permanent officer. It was objected that this would mean the duplication, at great cost, of the Department of the Comptroller and Auditor-General—an objection based on surprising ignorance of what accounts should be; for while the Auditor has to wade in detail through all the vouchers for expenditure and the office files connected with them, the essence of an account—and the

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estimates would be arranged as forecast accounts—is to present the information required in a form ready for use. Accordingly, the Estimates Committee has continued its hopeless struggles with official witnesses on the old lines, and has never dealt with the new form of Army Estimates, of which the War Secretary last autumn announced the abandonment. Thus, for want of government support, the attempt to divert the better minds in the House from advocacy of higher expenditure to a rational interest in administrative economy has failed. But in the army itself the creation of accounts for each establishment, where none had existed before, has been teaching the officers in charge to think in terms of cost and to act not as slaves to regulation but as reasonable stewards of the nation's wealth, with most encouraging results. Though for generations they had been tied fast in red tape, many of them responded admirably to the appeal to their common sense and, on seeing for the first time the financial consequences of their acts, began of their own accord to cut out what they recognised as extravagant, and to make such savings that a Committee under Sir Herbert Lawrence (no small authority on either military or business affairs) reported that "it is proved to demonstration that by a proper system of accounting economies to an extent at present quite unrealised can be effected."* That this should be the result of interesting the men who actually conduct business in the results of their work, will not surprise business administrators, though Whitehall may stand aghast at the idea and still cling to its ancient way of more and more centralised regulation of detail. That it does not arise from any peculiarity of the military character is shown by a recent experience. It is a principle of the new accountancy that Government offices should pay departments like the Post Office and Stationery Office for their services, so as to get the cost of these services into their own accounts, as

* Report of the Committee on Administration of, and Accounting for, Army Expenditure, 1924.

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the surest way of getting real control over the expenditure ; but the Treasury had long held that such inter-departmental payments were wrong in principle. At length, in 1922, the Treasury tried the experiment of making all departments pay the Post Office for telegrams, with results thus described by the Public Accounts Committee of 1924 : "The change resulted in a reduction of about 50 per cent. in the number of telegrams sent, and the average number of words in each telegram was less." A writer in *The Nineteenth Century and After* for September last* makes a similar point :—

The Department which orders printing usually has not the remotest idea what is the cost. . . . and there can be no more fertile source of extravagance than a system of incurring expenditure without counting the cost. The Select Committee (on publications) have for years been pressing the Stationery Office to arrange that Departments ordering printing should know the cost of their demands. The Treasury are adamant.

It has been profoundly said that there is a lot of human nature in men—in Members of Parliament as well as army officers and civil servants ; and with such experiences as the above in view it is at least premature to conclude (without trying) that it is impossible to arouse a proper spirit of economy in the House of Commons. Conflicts will arise, as in the cases already mentioned, between policy (politics) and economy, and what may be called the Dock-yard Constituency spirit, will tend to spread as the Exchequer comes more and more to be regarded as a fund for redistributing wealth between individuals. But these conflicts have, after all, to be decided eventually by the feeling or vote of the House ; and if Governments, even at some inconvenience to themselves and to Whitehall, would really welcome a strong financial control from the constitutional quarter, what could be more short-sighted than to brush the House ostentatiously aside when the need for

* W. R. Barker, C.B., *Government Publications*.

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control becomes urgent and so confirm it in an attitude of happy irresponsibility ? On the contrary, should not every effort be made to build up a strong non-party economy group, on which Governments of any complexion could count for support in administrative thrift, giving it real work to do, the necessary trained help in doing it, and liberal recognition of work well done ? No other lines seem to promise a satisfactory permanent solution of the problem of control.

But, for the lightening of the taxpayer's load, one final condition remains. Readers of Kingsley's *Water Babies* will remember the Mayor of Plymouth who, groping for lobsters in the rocks, had his finger caught by one that held on as the tide rose. When the situation was desperate, the Mayor decided that he must cut off his finger ; "but for that he needed two things : courage and a knife, and he had neither." That is our present parlous state, but, late as it is, a knife (not an axe) might still be forged. Only, where is the courage to use it ?

APPENDIX

To illustrate the difference in the information given by the old and new forms of Estimate, the general abstracts of the Army Estimates for 1914-15 and 1925-6 are here reproduced, together with a typical Vote in the old form and corresponding parts of the new. The old form, comprising 15 separate Votes, the most trifling transfer between which required an Act of Parliament, covered nothing but cash payments and receipts within the year. In the new form there is only one Vote, divided into seven Heads, transfers between which may be authorised by the Treasury or by the House, without an Act of Parliament. Each of these heads covers not only cash payments, but outstanding liabilities, consumption of stores, rental value of buildings, stationery, and all other items making up the cost of the activities to which it relates. Thus, while old Vote 1 covered only the pay of the troops irrespective of geography, the new Head I shows the cost of the standing

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Army under all the various items composing it, and is analysed in both the Estimates and the Parliamentary Accounts to show separately the cost of the several Arms of the Service at home and abroad, and the total cost of each overseas garrison.

Under Head III the various subheads show the estimated cost per unit of gas and electric current generated at Army lighting plants, the cost of bread baked in Army bakeries, the cost per patient-day of Army Hospitals, and many other such activities of which the old form did not even disclose the existence; and the Parliamentary Accounts show the corresponding actual costs.

Under Head IV is shown not only the pay of War Office personnel (as in old Vote 12), but the whole cost of the War Office. A note records that of the total cost of £1,178,700 in 1925-6, only £902,800 would have appeared in the War Office Vote under the old arrangement—a good example.

While the old Store Votes (7, 8, 9) showed nothing but cash payments and receipts, the new Head V is designed to show also expenditure on repair and manufacture, and issues for consumption as well as sales, as indicated in the specimen statement for General Stores. Further tables give the values of stocks in the books at beginning and end of the year. The general result shown for stores of all classes is that in 1924-5 the Army lived on capital in this respect (*i.e.*, consumption exceeded replacements) to the extent of £3,346,000 and in 1925-6 to the extent of £2,698,700—highly significant facts of which the old form of Estimate is incapable of giving any hint. On the other hand, the new form also shows (under Head VI) that Terminal charges of the war were still coming into payment to the extent of £1,015,000 in 1924-5 and £348,000 in 1925-6, and this may fairly be regarded as an off-set of extraordinary capital expenditure. The realisations of war stores by the Disposals Commission did not come into Army Estimates (where they would naturally have appeared as capital receipts), but were brought into the Budget as extraordinary revenue. The policy of using these and other capital receipts such as Death Duties to meet current expenditure cannot, of course, be determined by the form of the Estimates; but the general extension of the new form would bring under the notice of Parliament year by year both receipts and expenditure of a capital nature and enable the policy to be discussed with due regard to the facts.

OLD FORM OF ABSTRACT OF ARMY ESTIMATES, 1914-15

Votes	1914-15			1913-14		
	Gross	Appropriations in Aid	Net	Gross	Appropriations in Aid	Net
1. Pay of Army	10,150,000	1,445,000	8,705,000	10,065,000	1,440,000	8,625,000
2. Pay of Medical Personnel	438,600	1,600	437,000	441,400	1,400	440,000
3. Special Reserve	733,000	9,000	724,000	722,500	7,500	715,000
4. Territorial Forces	3,091,650	5,650	3,086,000	2,819,700	4,700	2,815,000
5. Staff of Educational Establishments	254,620	98,620	156,000	252,350	106,350	146,000
6. Quarters, Transport, Remounts	1,802,000	70,000	1,732,000	1,757,500	63,500	1,694,000
7. Supplies and Clothing	4,612,200	224,200	4,388,000	4,697,500	190,500	4,507,000
8. General Stores	846,000	225,000	621,000	932,000	212,000	720,000
9. Armaments and Engineer Stores	2,115,000	383,000	1,732,000	2,027,000	350,000	1,677,000
10. Works and Buildings	2,944,980	153,980	2,791,000	2,626,803	191,803	2,435,000
11. Miscellaneous Services	67,200	8,200	59,000	66,920	920	66,000
12. War Office	458,000	1,000	457,000	443,550	550	443,000
13. Penalties, etc.	2,350,870	504,870	1,846,000	2,364,000	515,000	1,849,000
14. Do. Men.	2,515,000	538,000	1,977,000	2,478,500	528,500	1,950,000
15. Do. Civilians	134,080	80	134,000	140,105	105	140,000
Total	32,513,200	3,668,200	28,845,000	31,832,828	3,612,828	28,220,000
	Net increase £625,000					

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VOTE 8: ORDNANCE DEPARTMENT AND GENERAL STORES

Subheads	1914-15			1913-14		
		Increase	Decrease		Increase	Decrease
A. Established Civilians, and Wages	294,700	£	£	288,000	£	£
B. Police at Ordnance Establishments	39,300	1,300	—	38,000	6,700	—
C. Barrack, Hospital and Prison Stores	178,000	—	—	211,000	—	33,000
D. Equipment Stores	172,000	—	—	224,000	—	52,000
E. Miscellaneous Stores and Services	162,000	—	—	171,000	—	9,000
Deduct						
F. Appropriations in Aid (Sales, etc.)	846,000	—	—	932,000	—	—
	225,000	—	—	212,000	—	13,000
	621,000	8,000	107,000	720,000	8,000	107,000
	Net decrease £99,000					

NEW FORM OF ABSTRACT OF ARMY ESTIMATES, 1925-26

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Heads of Cost	1925-26			1924-25		
	Gross Estimate	Sums Receivable	Net Estimate	Gross Estimate	Sums Receivable	Net Estimate
1. Maintenance of Standing Army	£ 25,177,000	£ 270,000	£ 24,907,000	£ 24,502,600	£ 293,600	£ 24,209,000
2. Territorial Army and Reserve Forces	6,829,500	22,500	6,807,000	7,043,500	10,500	7,033,000
3. Educational Establishments, Hospitals, Store Depots, etc.	7,044,900	765,900	6,279,000	7,456,900	678,900	6,778,000
4. War Office, Staff of Commands, etc.	2,455,850	3,850	2,452,000	2,402,750	4750	2,398,000
5. Capital Accounts	1,179,850	1,701,850	£ 522,000	£ 50,700	1,650,300	£ 1,701,000
6. Terminal (War) and Miscellaneous Charges and Receipts	3,424,900	5333,900	£ 1,909,000	4,735,750	4,994,750	£ 359,000
7. Pensions, etc.	9,124,000	1,395,000	7,819,000	9,123,700	1,289,700	7,834,000
Total	55,236,000	9,403,000	45,833,000	55,214,500	8,922,500	46,292,000
Repayment by Colonial Office for Middle East	—	315,000	£ 315,000	—	398,000	£ 398,000
Add Decrease of outstanding liabilities during the year..	55,236,000	9,718,000	45,518,000	55,214,500	9,320,500	45,894,000
	—	—	68,000	—	—	163,000
Less Decrease of sums due to War Office	—	—	45,586,000	—	—	46,057,000
	—	—	115,000	—	—	161,000
Less Items for which no cash payment will be made (Stationery, etc.)	—	—	45,471,000	—	—	45,896,000
	—	—	971,000	—	—	896,000
Estimated cash required for Army Services	—	—	44,500,000	—	—	45,000,000
	—	—	—	—	—	—
			Net decrease			£ 500,000

Appendix

HEAD V: CAPITAL ACCOUNTS

Y 2

Subheads	1925-26			1924-25		
	Gross	Sums Receivable	Net	Gross	Sums Receivable	Net
A. Stock Accounts	£ 1,085,350	£ 1,613,350	£ 2,698,700	£ 1,820,700	£ 1,525,300	£ 336,000
B. Buildings (Capital)	1,812,600	135,500	£ 1,799,100	1,639,700	50,000	1,589,700
C. Plant and Machinery in Store Establishments, etc. (depreciation less purchases)	£ 80,900	—	£ 80,900	£ 112,700	—	£ 112,700
D. Purchases and Sales of Land	533,500	75,000	458,500	243,000	75,000	168,000
	1,179,850	1,701,850	£ 522,000	£ 50,700	1,650,300	£ 1,701,000

Appendix

STOCK ACCOUNT OF GENERAL STORES

Subhead A.10		1925-26	1924-25
Estimated Purchases	£ 401,150	£ 293,500	£ 293,500
Manufactures and Repairs	229,250	692,500	692,500
Less Issues to Units, etc., for consumption	630,400	986,000	986,000
	1,259,400	1,518,110	1,518,110
Sums receivable: Issues on payment	£ 629,000	£ 532,110	£ 532,110
	513,450	305,300	305,300
Net credit: Decrease in stock	£ 1,142,450	£ 837,410	£ 837,410

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WAR GRAVES IN FLANDERS

Hazebrouck,
October, 1925.

MY DEAR R—,

I came to France the day before yesterday to see the war graves. I left Ypres this morning, and I am writing this letter on a bench in Hazebrouck churchyard, after a visit to the British cemetery here, waiting for a train to take me home.

They have made a great impression on me, these graves. I rather shrank from coming. I expected something gloomy and funereal. The reality is different. Peaceful beauty is their note. The cemeteries are often, indeed, oases. To get at the Hazebrouck one I passed through the hideous town graveyard crowded with the sort of monument that makes death seem the supreme catastrophe to a child. The soldiers' graves were separated from it by a wide strip of beetroot, and a row of little houses shuts in one side. But when I got to our men's part I forgot the rather squalid approach. They lie under a nice red brick château wall, the sort one sees in some old walled garden in England, with a row of limes in front and roses climbing up it. In the middle stood the usual cross of gleaming stone backed by a beautiful circular wall, which itself is flanked by two rest places—shrines one might almost call them. You could sit in them and see without being noticed. The right-hand shelter looks on the British graves, uniform rows of pure white, and the left-hand one

War Graves in Flanders

on the French, which are just black wooden crosses. The circular wall unites the two, and on it are the words: "Fighting as one. In death not divided." It is so in this instance, I am told, because it was the wish of the mayor of this place, an old Abbé Deputy, who values Anglo-French friendship, and the inscription is in French and English.

On every English grave flowers were planted, but the thing that pleased me most—and it was the same everywhere—was the bright grass lawns between the rows. Rich men's gardens these cemeteries might have been for the way they were everywhere cared for. They are as green as those English fields our soldiers loved and upon which they should be playing still, for most of them would, even to-day, be hardly thirty. Beyond the town cemetery stood the old red brick tower of Hazebrouck church, which looked down on so much during those four dreary years.

I don't mean to try to describe many of these graveyards. We have about 1,000 of them in France and Belgium alone, or, counting communal cemeteries which contain British graves, 2,500. I did not personally see, I suppose, more than a score, and I actually visited only six or seven. But even from these few I could see that every one had an individuality of its own.

The first I went to was outside St. Omer, the stately Flanders town where our G.H.Q. used to be the first year of the war. The site is a beautiful one on the side of a hill, below the civilian cemetery, with the old flamboyant church and Vauban's ramparts in the middle distance. It has, too, a beautiful name—it suggests some Arthurian legend—Longuenesse. At the top end was Lutyens' war stone, the usual rectangular cenotaph with the inscription, Kipling's choice, "Their name liveth for evermore," and below it the long lines of white headstones back to back and bright with Michaelmas daisies and autumn flowers, themselves alive with butterflies, stretched lengthways down the slope to where the great cross, as it were, checked

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the fall. It might have been a church, the kind the children like in the open air. There, behind the altar, was the apse, the circular wall; and the vista down the grassy nave ended in the cross. Some people, I am told, find the layout too like military formation, they dislike the uniformity. It seemed to me absolutely right. They were soldiers, and they lie, as they once fought, shoulder to shoulder. At Longuenesse the 1914 graves were on the level ground at the bottom beyond the cross, the part which is nearest to the line their occupants once helped to establish. The air was clearer than one often sees it off the high veld, and it seemed impossible to believe that that line no longer lay somewhere beyond the farthest of those wooded ridges touched with the first gold of autumn. You had, surely, only to hold your breath to catch again that endless rumble. But the air was strangely still. Far away, towards Belgium, like a Calvary in some Renaissance landscape, was the rounded knoll of Cassel hill.

And the "front" when we got there next day had changed beyond belief. It was just such a day seven years ago, in 1918, that my duty took me into this same country. Only then it was early in the year. This time it was autumn. There was, I remember, the same golden haze over the level fields. But to-day there was a deathlike quiet. Then spring was the dominant note. Every lark was singing and every hedge pushing out green shoots. The spring was, indeed, so overpowering that one hardly noticed those other sights and sounds, the great shells bursting along the road to Ypres, or occasionally passing over in the direction of Hazebrouck, and Dickebusch church fiercely burning in the March sunshine. Then, it was all life. At a turn of the poplar-lined road you would blunder into some bedraggled battalion marching back from the trenches for its turn in rest billets. Notices warned you at the points where gas masks had to be kept ready. Labour companies were everywhere at work, military police stood at an important crossway, G.S.

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wagons thundered along the paved crown of the roads, and, overhead, the whirr of planes never seemed to stop. A line of sausage balloons marked the limits of our Allied world. To-day, there are the graves.

To-day, the devastated area is gone. You look in vain for Bairnsfather landscapes. All that remains of them are a few blasted trees which have so far escaped the axe, and a sprinkling of dug-outs and "pill-boxes," these last sometimes used as sheds or pig-sties. Occasionally you see a bit of stubbed ground that might have come out of *Childe Roland*, but not very often. The front to-day is, however, just as easy to tell as ever. It is like a strip of brand new cloth in an old garment. All the way from Passchendaele to Armentières I found everything new—trees, houses, outbuildings, farms, whole villages like Messines and Wytschaete, where Willie Redmond died, even Ypres itself, and with a newness that is strangely like the old. You never see an old building, and hardly ever an old tree, in wide tracts of country. On the way from Ypres to-day, in the train, we were almost back in Poperinghe before I saw an old farmhouse. And the newness is not unattractive. The brickwork of these Belgian farms is excellent and the windows, generally well proportioned, are set off by picturesque light green shutters. The roofs are gay with tiles of Flanders clay—the same that pulled *them* down. It was like a country furnished out of a toy shop, and Ypres itself is the greatest wonder of all. But for the ruins of the Cloth Hall, you could not imagine what it was six short years ago. To-day, there is hardly a gap among the houses. The shops are all open, there are thousands of people in the streets, and new hotels doing a fine trade in visitors. Great care was taken, I am told, to reproduce the old features as nearly as possible. The new Menin Gate is going up fast. The War Graves Commission is rebuilding it, and it will bear the names of 55,000 of the 90,000 British and Dominion soldiers who were missing in the salient. The other 35,000 will appear on the circular

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wall at the back of Tyne Cot Cemetery. One of its recesses will be entirely filled with New Zealand names.

We drove out to this cemetery on Tuesday. It is at Passchendaele, close to the furthest point our troops ever reached before the final collapse of Germany. The circular wall is, indeed, only a couple of hundred yards short of the ridge which looks down on Roulers and the Promised Land. The name of every village and farm as you drive from Ypres is big with history. Hooze lay basking in the misty October sunshine on our right. Pilkem and St. Julien, where gas was first used, against the Canadians in April, 1915, were on our left; Zonnebeke and Zillebeke lay close to our path. Like Napoleon's statue at Boulogne, Baker's circular wall here turns its back on the old objective. It shuts out the ridge and, instead, looks back to Ypres over that ill-famed salient. Personally, I like it better so. The objective no longer matters. The places—all of them household words a few years ago—where *they* waged that uphill fight, will never lose their interest. It was possible to count 30 steeples from the cemetery. You can see the hills from Kemmel to Cassel on one side, and as far as the dunes by Dunkirk on the other. Besides, *they* never reached the Promised Land. But if you stand on Baker's wall on a clear day and look, as the Germans used to, Westwards, a faint gleam will catch your eye, far away to the north. It is the narrow sea which, thanks to *them*, the Germans never reached, and beyond it lies England.

But the foreground is the thing you look at to-day. The cemetery slopes away from you towards the interior of the salient, a perfect field of fire for the defence. It was, indeed, up this very slope that *they* advanced that disastrous August in 1917. In the centre the white cross is raised high on the foundation of a great concrete German redoubt, which the King himself insisted should be left there. It was the strong point of the German position. Around the cross and looking towards it are, think of it! no less than

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11,900 graves. If you walk round and count you will find on more than 5,000 of them the simple inscription, "A soldier of the Great War," and below the words, "Known unto God." All of these are "unknown soldiers." If ever there were tears in things, it is here. I am glad that the names of 35,000 of the salient's missing will be on the circular wall close to the graves, some of them, no doubt, their own. I would personally like to see them all there, near to their comrades.

All along the front down to "Plugstreet" wood, where I found my brother's grave, we passed these cemeteries. They vary in size. None were as big as Tyne Cot, but the graves seemed countless. Here and there a great monument would mark some feat of arms, like the New Zealanders' pillar, which crowns the ridge they won at Messines.

But graves are not the distinguishing feature of the front alone. It was not only there that men fell. They died in No Man's Land, in the trenches, at field dressing stations, at clearing stations, at advanced hospitals, and, lastly, in the great base hospitals by the sea, where death seemed hardest of all with home so close. The cemeteries are everywhere. I visited one of the smaller ones close to Vlamertinghe. It was called the Hop Store cemetery, and there were only, I suppose, some two or three hundred graves. It was by an old Field Ambulance between Poperinghe and Ypres, and they showed it me because it was one of the oldest, and, as the garden had had time to grow, peculiarly lovely. So labyrinthine, indeed, had the rose round the cross become that it threatened to choke its shaft.

In these graveyards, except for the inscription, rank has no place. Officers and privates lie side by side, just as they came. I believe that those I knew would have liked it better so.

In most of the cemeteries, too, I saw, besides our own, some foreign graves, not only allied, French and Portuguese, but German as well, for war stops outside these en-

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closures. Nor is colour any bar here. I discovered a group of Indian graves at Longuenesse. They had helped to fill the gap in the line in 1914 when there was no one else to fill it. Chinese graves are often found with their own inscriptions upon them. At Lijssenthoek, outside Poperinghe, I noticed at one end of the cemetery a large blank space with only a couple of graves in it. It spoilt the symmetry, and I asked the reason. The answer was that this space used to be full of American graves, but now their dead, except for the two graves I saw where the relations objected, have all been exhumed and taken back to America. I could not help feeling sorry.

I don't know what impression these cemeteries of ours they see dotted about, from the sandhills by the sea in Western Belgium to within sight of Rheims Cathedral in the East of France, everywhere, in fact, where they formerly saw our men, leave upon the inhabitants of the country. In Flanders we saw the peasants working quietly in their fields round the graves, just as our troops used to see them during the war when the risk of neither shell nor bullet stopped them until they were literally forced to quit. The Flamand is not demonstrative, and it is difficult to tell what he thinks. Neither the French nor the Belgians themselves have anything to compare with these graveyards for beauty, and, we were told by the staff of the Graves Commission—there are nearly 1,000 gardeners in its employ on the continent, all British—that they are much admired. The one at Boulogne is, I hear, crowded on a Sunday afternoon. No doubt many see in them just another sign of "English wealth." Their construction alone cost nearly £4,000,000, and it will take something like £140,000 a year to keep them up.* Our own

* The British and Dominion Governments have decided to set up a special endowment fund of five million pounds, the interest on which will go to maintain in perpetuity the Cemeteries and the Memorials to the "Missing" which have been constructed not only in France and Flanders but in all parts of the world.

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people may sometimes wonder whether it was worth while to spend all this money on memorials which are so far away that even those who are comparatively well off can only expect to visit the dead they loved once in a while.

I don't believe that anyone who makes the pilgrimage will come back with doubts. It is hallowed ground, this country of the graves. It is a foreign country, but *they* have made it ours in a sense that even our own is not. I remember once seeing a great cathedral all by itself far from the haunts of men. The spirit behind this work is the same. Proportion comes standing among these graves. We may be sure that to many a stranger, too, they stand for more than British gold.

And it is more than British piety. The burden falls proportionately on our own country and the great Dominions. But it is to the individual graves themselves that you must turn really to understand. There you will, over and over again, find names, not in hundreds but in thousands and tens of thousands, which, like the great monuments to their exploits at St. Julien, at Hill 60, at Messines, at Delville Wood, and on other famous fields, take you in fancy to the furthest parts of the earth, to parts where men are scarcer than they are here at home, to Canada, to Australia, to South Africa, to New Zealand, to Newfoundland and to islands in far off seas. Their soldiers and ours lie all together. No difference is made to show where they each came from. That appears only on the headstone. The East and the West Indies are both represented. The unity of the British Empire is here complete. Our cause was one.

Yours ever.

INDIA : THE BRIGHTER OUTLOOK

I. THE CHANGE

A DEFINITE change has come over the face of Indian politics during the last few months—an immense change for the better. Readers of THE ROUND TABLE will remember that the most extreme section of Indian politicians—the Swarajists—entered the Legislative Assembly and the Provincial Councils at the second elections in 1923 with the avowed object of “wrecking them from within.” It will also be remembered that their temper and tactics underwent certain modifications during the 1924 sessions of the Assembly. But it may be convenient to recapitulate the main points in the change which has occurred.

The second elections to the Indian Legislatures (the Council of State was not affected, as its life is for five years) returned a number of Swarajists to every legislative body in India. Nowhere, however, had they an absolute majority save in the Legislative Council of the Central Provinces, and there, as is well known, they speedily made the working of dyarchy impossible, their crowning achievement being the fixing of Ministers' salaries at two rupees per annum. The provincial Government, therefore, resumed the administration of the transferred departments and everything went on as smoothly as before the Reforms.

In the Bengal Council a strong body of Swarajists found allies in certain “Independents,” chiefly Mahomedans, who were willing to join them in their wrecking tactics.

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This coalition, which had a majority in the Council, gave great trouble to the Bengal Government by introducing and passing impossible resolutions relating to the release of political prisoners and the repeal of legislation conferring extraordinary powers on the executive, legislation made necessary by the recrudescence of revolutionary crime in Bengal from 1923 onwards. From time to time the Mahomedan allies of the Swarajists showed that they were not unaffected by the communal tension which prevailed (and prevails) all over India, and on at least two occasions the coalition was in danger of destruction from this cause. A Swarajist vote of censure on the Ministers caused a revolt on the part of the Mahomedan members of the coalition, as they were not prepared to vote against their co-religionists in the Ministry. Another time, a resolution was moved, proposing to put into force the “Bengal Pact” engineered by the late Mr. C. R. Das, which would have given to the Mahomedans no less than 55 per cent. of the posts on every cadre of the administration. This, of course, was far more than the Mahomedans could have claimed on any basis of their numerical strength, and the Hindus naturally would not agree to it. The dispute was laid to rest for a time by Mr. Das' declaration that the pact was not meant to operate till after the achievement of Swaraj. Having survived these storms, the coalition proceeded to bring dyarchy to a temporary stop in Bengal by the same means as had been employed in the Central Provinces—the refusal to vote salaries for the Ministers. In Bengal, also, the administration of the transferred departments was quietly resumed by the executive, and the Swarajists were left in the uncomfortable position of having interrupted the working of the departments in which Indian opinion was most keenly interested, without having advanced one step nearer to their goal of making administration impossible.

In the remaining provinces, dyarchy continued to function against all the hindrances introduced by the Swarajists into the councils, and the results of the Swarajist “victories” in

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the Central Provinces and Bengal have been so unexpectedly disastrous to their cause that, so far from being able to win similar "victories" elsewhere, the most far-seeing members of the party will not try or desire to do so. But before discussing these results it will be as well to describe the course of events in the central Legislature.

The first session of the second Legislative Assembly met in Delhi in January 1924, when the fate of the Reforms was critical in the extreme. The solid, well-disciplined Swarajist bloc in the Assembly came to an understanding with some of the members of the Independent party, whose political aims could hardly be distinguished from those of the Swarajists, but who did not believe in an entirely uncompromising wrecking policy. They were prepared to use obstructive methods and the refusal of supplies as an occasional political weapon, but they approximated to the Moderates in their desire to see the existing constitution preserved and advanced nearer to the ultimate goal of fully responsible government for India. They differed from the Moderates mainly in their ideas about the speed at which constitutional progress should be made.

The Swarajist-Independent coalition, which called itself the Nationalist party, had a clear majority in the Assembly, and during the first session of 1924 this was used ruthlessly to defeat the Government opposition to an unpracticable resolution proposing the immediate introduction of virtually complete responsible government for India, and to refuse permission for the introduction of the annual Finance Bill. This was not discussed on its merits—it was the most favourable which had been presented for years—but was simply thrown out in pursuance of the Swarajist theory of uncompromising opposition to all acts of the Government, the Independents being dragged at the heels of the better organised Swarajists. The session saw no constructive work accomplished. The Finance Bill was restored by the Council of State, as the law allows.

But succeeding sessions witnessed a change from this

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dangerous attitude of the extremists. A special session of the Legislature was held in May and June 1924 to discuss a Bill for the protection of the Indian steel industry, and in this session the Swarajists gave active help to the Government in passing the Bill. They further consented to serve on Select and Standing Committees and, by so doing, definitely abandoned their old non-co-operating policy. This was an event of supreme importance, for it appeared to foreshadow the development of the Swarajist party into an ordinary constitutional Opposition, one of the happiest developments which could take place in Indian politics. Subsequent events showed the party moving steadily in this promising direction, and, at the moment of writing, just before the Delhi session of 1926, the Swarajists are, to all appearances, a constitutional Opposition.

There are a number of reasons for this beneficial change, the chief of which may be briefly mentioned here. Hindu-Mahomedan antagonism seems year by year to strengthen its disruptive influence on Indian society, and it is obvious that this influence must be carried over into politics. The only non-official opposition to the resolution in the Delhi session of 1924 proposing immediate responsible government for India came from some Mahomedan members, and the day after the resolution was carried the existence of the Nationalist party was gravely menaced by a resolution moved by a Mahomedan which aimed at securing increased Mahomedan representation in all the different legislative bodies and in the public services. The crisis passed off after a personal appeal to all members of the Nationalist party by Pandit Motilal Nehru, the leader of the Swarajists, but the fundamental causes of the crisis were, of course, left untouched. Throughout 1924 Hindu-Mahomedan antagonism grew steadily. Communal riots took place all over India and culminated in the terrible affair at Kohat in which over 150 people were killed and wounded, and vast amounts of property were looted, whilst the Hindu population of Kohat city evacuated the place altogether. At-

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tempts to reconcile the two communities failed, and Mr. Gandhi had to acknowledge in February 1925 that the very desire for a reconciliation was absent. Previously existing communal organisations were strengthened and new ones were set on foot. The All-India Moslem League was revived in 1924, countered by the Hindu *Mahasabha*, the central annual meeting of delegates from Hindu organisations all over India. These two bodies focus the antagonistic political and economic views of the two communities and have reduced the All-India National Congress to a mere Swarajist rump. Thus popular attention and enthusiasm are now concentrated in communal organisations, and communal jealousies are stronger to disrupt such coalitions as the Nationalist party than opposition to the doings of the Indian Government is to unite them.

Again, the views of a part of the electorate had changed since the elections of 1923. Purely political activity began to be suspect. Intelligent men wanted to see some definite constructive work from the Legislatures, and the wiser members of the Swaraj party saw that their negative wrecking policy had lost its grip on the popular imagination. Lastly, the Independents revolted against their ignominious position as followers and cat's-paws of the Swarajists, and began to withdraw from the profitless alliance into which they had entered.

So the September session of 1924 saw the beginning of the break-up of the Nationalist party. The leader of the Independents, Mr. M. A. Jinnah, decided to tighten up the discipline and organisation of his party and prepared to take his own line. The Swarajists, also, moved still further away from their old policy of indiscriminating obstruction and, during this session, they co-operated with the Government on a piece of constructive work of the first importance. This was the separation of railway finance from general finance, which was meant to enable Indian railways to work on ordinary commercial lines and to follow a consistent policy of development. A few months earlier both Swara-

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jists and Independents would have opposed this proposal simply because it came from the Government, but now both parties joined with non-official European members in criticising it in a thoroughly practical manner and doing their best to establish the proposed system on the soundest possible lines. It is true that the debate in the same session on the Lee Commission's proposals to improve the conditions of the Imperial Services showed the Swarajists in a less agreeable mood, but it was clearly apparent that their temper and policy had undergone a profoundly beneficial change.

The change has continued throughout 1925, the Swarajists moving steadily towards the position of a constitutional Opposition. On some occasions they have opposed the Government, of course, but on other occasions they have supported it when their former allies, the Independents, have been in the Opposition lobby. The final break-up of the Nationalist party dates from the first session of 1925, when the Swarajist efforts to wreck the Budget as a whole failed because the Independents refused to join them after they had defeated the Government on one grant as a general protest. The latest session hitherto held, the Simla session of August-September 1925, definitely showed the Swarajists that their grand offensive on the constitution had failed because the majority of the Assembly had determined that it should fail. Moreover, the doubts as to the soundness of their whole policy, which, as has been said, had been assailing some Swarajists, had grown steadily in strength during 1925. Ever more clearly did the keener intellects among them perceive that more was to be gained, after all, by working the constitution than by wrecking it, and when, in August 1925, the deputy leader of the Swaraj party, Mr. Patel, accepted the post of President of the Assembly, to which he was elected in place of Sir Frederick Whyte, a tremendous encouragement was given to the very influential section of Swarajists which by now was ready to acknowledge openly that the time

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had come to seek office in both the central and provincial Legislatures.

At this point the fortunes of the party in the Assembly and in the provinces may be linked up. In the summer of 1925 cracks appeared in the Bengal Swaraj party, and one of its leading members, Dr. Abdulla Suhrawardy, publicly renounced his connection with it after a most damaging exposure of its methods. Then the leader of the Swarajists in the Central Provinces, Mr. Tambe, about three months ago, accepted office in the Executive Council of the Governor of the Central Provinces and by this act tore away the last pretence of a united, whole-heartedly non-co-operating Swaraj party. A great to-do followed this exposure. Pandit Motilal Nehru hastened to the Central Provinces and convoked a conference at which he sought to discipline Mr. Tambe and others of his way of thinking. But hardly had a series of idle resolutions been passed to condemn the acceptance of office by members of the party than the leaders of the Swaraj party in the Bombay Council, Messrs. Jayakar and Kelkar, announced that they too intended to seek office under the reformed constitution. Once more the Pandit hurried to the place of danger, but his exposition of the Swarajist creed, as held by the die-hard remnant whom he represents, merely disgusted sensible Swarajists by its utter futility and lack of imagination. According to him, the four points of the creed are : indiscriminate obstruction to all acts of the "bureaucracy"; refusal of supplies; refusal of office; mass civil disobedience. Nowhere is there a single word about any constructive policy. Sterility and poverty of imagination could hardly be carried further. The open revolt against the Swarajist policy inaugurated by the leading Swarajists mentioned above is spreading fast. The Bengal Council in its session held in December 1925 voted their salaries to the Ministers who had served without them between their first rejection in March 1924 and their second and final rejection in the following August. Both there and in the Central Provinces there is a strong move-

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ment in favour of the resumption of dyarchy, and one need not be a prophet to say that a very few months will see it flourishing again in both places, and flourishing the more strongly for the break-up of the old Swaraj party. The latter is moribund, and the meeting of the Indian National Congress during last Christmas week witnessed its death struggle. Congress is now a rump of die-hard Swarajists. The Mahomedans are out of it. Leading Hindu politicians, like Lala Lajpat Rai of the Punjab and Pandit Madan Mohan Malaviya, of the United Provinces, have virtually abandoned it in order to guide purely Hindu communal movements. Mr. Gandhi has long ceased to be a force in Indian politics. And, finally, the best of the Swarajists found during Christmas week that there was no place for them and their ideas in the Congress. Pandit Motilal Nehru and this year's President of the Congress, Mrs. Naidu, reaffirmed the necessity of mass civil disobedience unless the Indian Government complied with the terms of the resolution in favour of full responsible government for India which was passed by the Legislative Assembly in its first session of 1924. But the threat is hollow and its hollowness has been eloquently demonstrated by every Swarajist and Congress newspaper of any standing throughout India. Pandit Motilal Nehru has joined Mr. Gandhi in the ranks of lookers-on at Indian politics. The proceedings of the Legislative Assembly during the session which will begin on January 26 in Delhi should be followed carefully by every student of Indian politics, for they ought to mark the end of the Reforms' struggle for life, and the beginning of their constructive work for India.

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II. HINDU-MOSLEM ANTAGONISM

WHILST the Indian National Congress was enunciating outworn creeds and futile threats, another body was meeting and discussing a question which is the very heart of present-day Indian politics. The All-India Moslem League held its meeting at Aligarh this year, a meeting which will long remain memorable for a speech made before it by Sir Abdur Rahim, lately a member of the Bengal Government, and one of the most important Mahomedan politicians in India. His speech was an onslaught of tremendous power on recent Hindu proselytising activities. The Hindu *Mahasabha* held at Bombay a few weeks earlier had not disguised the seriousness of the present state of Hindu-Mahomedan relations, but Sir Abdur Rahim's speech presented them in their nakedness. It contained no pretence, no pious aspirations, nothing but a blunt expression of the determination of Mahomedans never to accept any form of Swaraj which would leave Hindus dominant because of their numerical superiority. He called on Mahomedans to counter certain Hindu activities. "We must fully meet and definitely check the baneful activities of those Hindu politicians," he declared, "who, under the protection of Englishmen's bayonets, and taking advantage of their tolerance and patience, are sowing trouble in the land to obtain Swaraj, the full implications of which they do not understand and would never face." He ridiculed the Swaraj party's pose as a defender of popular rights and showed that it drew its financial resources from rich landowners. "Unless the Swarajists make up their minds definitely to free their party from the influence of the monopolists and capitalists," he said, "it is not possible for them to act as a genuine people's party."

How is this Hindu-Mahomedan antagonism to be reconciled? The writer has never yet seen a single con-

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structive proposal put forward by any Indian politician towards this end. Vague generalities and pious aspirations have been numerous, but these have lost favour now in view of the grimness of the facts of the situation. All over India the tension is acute, and in these days the differences between the two communities go much further than religion. They invade all political and economic questions and extend to the smallest bodies of local self-government. The spread of popular education makes them more acute, for it raises up Mahomedan rivals to the Hindus for the administrative posts, of which the latter at present hold an overwhelming percentage, and Mahomedan leaders are now considering how their co-religionists can be persuaded to take to commerce and banking, so as to break the grip which Hindus hold on their economic life. In politics, Hindu-Mahomedan rivalry has become acute since the inauguration of the Reforms, for the Mahomedans know themselves to be vastly fewer in India than the Hindus, and they see that they would be swamped under any system of majority rule. So they press incessantly for further concessions in the matter of representation in the Legislatures, and they cling firmly to the principle of communal representation, which can only tend to perpetuate and even intensify existing dissension.

Clearly, there is no easy or *a priori* solution of this problem of Hindu-Mahomedan reconciliation, and most decidedly is there no solution to be found in the system already tried of "pacts" between the leaders of both communities. The Lucknow Pact of 1916 and the Bengal Pact of 1923, for which the late Mr. C. R. Das was largely responsible, only acknowledge and perpetuate the communal split and cannot possibly reconcile it. The vast majority of the members of both communities are not even aware of these pacts.

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III. THE SOLUTION

I HAVE just said that the causes of Hindu-Mahomedan antagonism at the present time are no longer only religious, but are political and economic also. The latter, indeed, are now the most important, and in this circumstance lie certain grounds for hope. For, grave as are these causes of antagonism, they are surely capable of some solution, in fact they must be solved, or India can never become a nation. The reformed constitution holds out the promise of such a solution. As far as can be seen at present, the Reforms are now firmly established, and should go on from strength to strength. But the pressing need of Indian politics at the moment is the rise of a true party system, without which the Reforms cannot go on to their next stage—the achievement of the constructive work which lies ready to the hands of India's representatives in the Legislatures. A beginning must be made at once with the problem of India's federal organisation. What are the relations between the central government and the provinces to be? What amount of autonomy is to be granted to the latter and what amount of control is to be left to the former? The great problem of India's agriculture and rural welfare must be taken up, and her nascent industrialism must be developed along sound and healthy lines. The part to be played by the Indian States in a system of full responsible government for India has got to be thought out. Most important of all, perhaps, in view of present circumstances, is the problem of replacing the system of communal representation by some form of proportional representation. All these problems are tasks for the Indian Legislatures, both central and provincial, to tackle by means of the apparatus of real political parties. The time is ripe for the rise of parties. For, out of the welter of the past five years, the Legislatures have emerged in undisputed and

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undisputable pre-eminence as the only national and All-India bodies. We have seen how the Indian National Congress, the Moslem League, and the Hindu *Mahasabha* are now representative only of particular sections of Indian opinion. None of them will in future challenge the claim of the Legislatures to speak for all classes and communities in India. More and more, as time goes on, will all true patriots, all who want to think and work for India, be drawn irresistibly towards the Legislatures. And such men will be the best men in the country, men who will be prepared to sink all separatist interests in the all-embracing common interests of India. They will try to examine economic and political problems from the point of view of the welfare of the whole country, not from that of the Hindus or Mahomedans or Sikhs, and in this there is infinite promise. Already we can see the beginning of attempts to form true parties. During the past few weeks Mr. Jinnah, the leader of the Independents, and perhaps the most important politician in India at the present moment, has been occupied with a plan for the formation of a Centre party. He wants the right wing of the Swarajists, men like Messrs. Jayakar and Kelkar, and the left wing of the Moderates to form a new Independent party. At a meeting held in Bombay at the end of November, Mr. Jinnah put his views before a small gathering of representatives of the different sections of Indian political opinion. He accepted the position that the Reforms must be worked for all they are worth, and he emphasised the need for organising and training the electorates and creating a strong Opposition to the Government. But the programme of such a party, if it comes into being, cannot stop there. Inevitably it will develop a policy with regard to the many economic and communal problems of India, and just because it will contain the representatives of different schools of political thought and of different communities, this policy cannot be narrowly sectarian. Already the best minds of India are turning in disgust from the suicidal strife between Hindus and Mahomedans, and in

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the development of a real party system under the new constitution they have a potent means of translating their disgust into constructive action calculated in the end to do away with its cause. Of course, the process will be slow and difficult, and will demand an infinity of empirical adjustments and mutual concessions between the representatives of clashing interests, but it is being set on foot at last, and every lover of India will hope to see it progress steadily, session by session, and year by year.

IV. THE NEW COUNCIL OF STATE

THE Delhi session of 1926 will see the first meeting of the new Council of State. The Council is a true Second Chamber. It contains a majority of elected members, and has power to amend and revise the decisions of the Legislative Assembly. Its franchise is based on a high property qualification—an annual income of £2,000 or the payment of a correspondingly large amount of land revenue, for example, is demanded in Bombay—and on certain university qualifications and proved experience in public and commercial affairs. Fellows of universities, Chairmen of District Boards, Presidents of Chambers of Commerce, and so on are *ipso facto* electors for the Council of State. It is obvious, therefore, that the Council of State is meant to be a conservative body. It has proved to be so during its first five years of life. The storms of popular excitement which swept India during the Non-co-operation and Khilafat movements disturbed the balance of the Legislative Assembly from time to time, but passed by the Council of State, which on no single occasion allowed itself to be stampeded. On occasions the Council has come into conflict with the Legislative Assembly. During the lifetime of the first Assembly these occasions were few, the most famous clash being over the Salt Tax, when the Council took its stand boldly on the side of the Government and

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financial stability, but with the entry of the Swarajists into the Assembly there were naturally more causes of disagreement. The reckless actions of the Swarajists and their Independent allies in 1924 were appraised at their true worth by the dispassionate statesmen in the Upper House, who kept their eyes firmly fixed on the hard facts of the situation and its possibilities. The Council of State, in fact, has had much to do with putting the reformed constitution into the strong position in which it now finds itself. Thus, the elections to the Council of State which have been recently held are of more than academic interest. The Swarajists determined to try to capture the majority of the elected seats in the Council, but, whilst a fair number of them were elected, they failed in their main objective, and the Council remains predominantly conservative. The entry of Swarajists into the Upper House is a good thing, for they will provide a link between it and the Assembly, and, in view of the change in Swarajist policy and party fortunes which have been briefly outlined, their action is almost certain to be that of an ordinary constitutional Opposition, and not that of wreckers or of mere obstructionists. Decidedly, the Indian central Legislature should provide immense interest for students of politics during the next two sessions, before the elections of 1926 to the Assembly and the Provincial Councils.

V. LORD READING

IT would not be right to close this article without a tribute to Lord Reading. Five years ago, when he gave up the office of Lord Chief Justice of England to become Viceroy, the outlook was one of almost unrelieved gloom. He went out to start the Reforms. He found the non-co-operation movement at its height, and the years that followed called for exceptional sagacity and nerve. There were moments when a wrong step would have been

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disastrous. The verdict of history does not always bear out contemporary judgments, but it rarely ignores results; and Lord Reading, whose reputation, though critical eyes were always on the look-out for any slip, steadily grew with every year of his viceroyalty, is fairly entitled to credit for the decided change for the better which marks its close. He will leave India with her feet at last on the road towards the goal, of which he never lost sight—full responsible government and true nationhood.

India. January 1926.

UNITED KINGDOM : LIGHT AND SHADOW IN 1926

I. THE POSITION OF THE GOVERNMENT

PARLIAMENT and a new political year opened on February 2. Three days previously the results of two Scottish by-elections had been announced. Both showed a large reduction in the polling on a comparison with the General Election of November 1924 and both were held by the Unionists. Both reflect accurately the temporary dullness of political feeling and the little progress which has been made by the Opposition parties. At the end of July, when the country was hauled back from the precipice of a general strike by a coal subsidy flung in at the last minute, the Government was in no easy case. Its supporters were disheartened. A fourth in the series of annual dissolutions was freely prophesied. It would be bold work to-day to predict that the Government will not run its full course. At the opening of the new session the debate on the King's Speech revealed confidence on the crowded Ministerial benches and an Opposition more dispirited and divided than it has been since Parliament met.

The recovery in the Government's fortunes within six months has been remarkable. It is partly due to its own action and partly to the security from effective attack which it has enjoyed. No doubt an industrial explosion would have done the Government, not to speak of the nation, greater injury than a subsidy, bad as the subsidy

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habit is universally admitted to be. Whatever else might be said about the subsidy—and we have already expressed the view that things should not have been permitted to come to such a pass—it showed the length to which Mr. Baldwin was prepared to go to keep the peace in industry. The subsidy preserved the peace. After the first shock of the surrender, confidence began to creep back. There was, at least, a guarantee of nine months free of practical disturbance by the coal dispute, unsettled but shelved during that period. The taxpayer's money trickled out to maintain the purchasing-power of a large section of the community—the miners and their dependants. The price of coal fell. British coal began to find its way back into foreign markets. The stimulant began to act upon the iron and steel industries. The figures of unemployment fell. The Locarno Conference added reality to artifice. With the signature of the Treaties and the promise of a Franco-German reconciliation, life became easier and more certain in Western Europe. Markets respond to new currents of activity. Then the long-suspended boundary crisis in Ireland was settled. The Government duly banked the Locarno and the Irish agreements to replenish its depleted credit.

Early in the New Year conversations began in London between Mr. Churchill and Count Volpi on the subject of the Italian debt. The terms of the settlement they reached are not such as to provoke any particular enthusiasm. The British taxpayer is left to deal with all but a small fraction of the Italian debt himself. But another uncertainty has been reduced to fixed terms. The taxpayer's expectations were not high, nor is his disappointment deep. There is no more enthusiasm for the collection than there is for the payment of war debts. But it is felt as a relief that another matter of controversy should have been put out of the way by agreement, and that the settlement of the last of the large war debts outstanding, the debt from France, can now be taken for granted.

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Within six months, therefore, the Government has gained strength. To its positive achievements must be added the involuntary assistance it has received from the Opposition, partly on account of dissensions, partly because none of the settlements recorded above furnished an issue of principle between the parties. The Government started the New Year with the initiative. The King's Speech outlined a constructive programme. In the forefront of its foreign policy it places disarmament in the hope and belief that "a substantial step forward" is possible. It proposes to summon a conference of the principal European industrial Powers in an endeavour to secure agreement on the uniform application of the Washington Convention on hours and conditions of labour. There will be no quarrel with either of these purposes on the part of the Opposition.

Its home policy for the coming year begins with the Electricity scheme. The details are not yet published and we defer judgment until they are known. But in the meantime the Government is on easy ground. All parties in the House of Commons are pledged to public intervention in the interests of a cheaper, more efficient and more widespread distribution of electric power. The Government, in fact, is accused of having stolen Labour or Liberal clothes. An agricultural programme is also announced. Again, at the time of writing its details are not known. But it is probable from so much as is known that its merits will not be disputed as far as it goes. It will be objected by the Opposition parties that it has not gone far enough. No more will the projects for a more rapid clearance of the slums or for the reform of the Poor Law, which complete the list of more important legislation proposed, be of much help to the party battle.

Up to this point the Unionists seem to hold good cards. But this is not the whole of the reckoning. The settlement of the coal dispute—which means nothing less than the re-establishment of the industry upon an economic basis—

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and the coal subsidy itself have still to be accounted for. In this quarter, if anywhere, Nemesis is waiting its turn. If Mr. A. J. Cook, the miners' secretary, the apostle of trade union "preparedness," is to be trusted, there is no great chance of avoiding, when the subsidy period comes to an end on May 1 next, the industrial upheaval which was escaped last July. But Mr. Cook himself disclaims any desire for "a row," and there is also another factor which should make one less likely. In the first place, the Government cannot leave the disputants to their own devices this year as they were left, up to the final stage of the dispute, last year. By May 1 it will have spent some £21,000,000 of public money on keeping the industry at work. There will be less than no return on that money if war breaks out in the coalfields as soon as it has been spent.

As part of the terms of settlement last July a Royal Commission of Enquiry into the coal question was appointed. Under Sir Herbert Samuel it has held its sittings and heard the evidence of miners, mine-owners and impartial experts. Its report should be in the hands of the Government by the time the present number of *THE ROUND TABLE* is published, and no attempt can be made to anticipate the recommendations of the Commission. The Government will, however, presumably build a policy for the mines or for a new agreement in the mines upon its recommendations. The possibility that there may be a renewed but diminishing call upon public funds to tide over a period of transition cannot be excluded. In the meantime attempts are being made within the industry itself to break down the deadlock between the representative national organisations of owners and miners. The men's leaders in certain districts do not conceal their disapproval of Mr. Cook's platform polemics. In Durham, for example, it has been possible to bring pits into work again by means of agreements locally negotiated. On the owners' side there has been an influential movement to

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side-track the Mining Association. Lord Londonderry has resigned his office as Minister of Education in the Government of Northern Ireland and has returned to take an active share, as a coal-owner with very wide interests, in the formation of policy. He has sketched a programme based upon an increase of output, under local agreements, with no increase of hours or decrease of earnings, but with the elimination of the "uneconomic" pits. He suggests Government assistance for the last purpose and especially for the transfer of mining labour from the "uneconomic" to the "economic" pits. Whatever may be the outcome, there is no doubt that both parties are tending to take a more serious view of their responsibilities than was, perhaps, possible in the desperate conditions of a year ago. Moreover, the period of the subsidy has coincided with an upward movement in the heavy coal-using industries. It may be, as we have already suggested, that the subsidy itself is largely responsible for the brighter appearance of their affairs. But the improvement in employment is still an argument against bringing the coal industry wantonly to a standstill if a working compromise can be found.

For these reasons it would not be wise to assume that 1926 is as certain to see a coal stoppage or a general strike as it is to see May-day. The industrial consequences of the coal truce are, at the worst, obscure. But what of its financial consequences? Finance is likely to prove the Government's Achilles heel.

Mr. Churchill's estimate of the cost of the subsidy during the current financial year is £19,000,000, or £21,000,000 up to the end of April. In all probability, whatever steps may be taken to restore independence to the industry, that will not be the last of the national coal bill. Despite the large balance of expenditure over revenue at the end of the calendar year, the Treasury is confident that the accounts for the financial year will balance, apart from the coal subsidy—and the Treasury is generally right. But the £19,000,000 remain and something should probably be added to the

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balance of £2,000,000 to measure the contingency which the next Budget will have to allow for. "Such an expense," Mr. Churchill has said, "coming upon us half-way through the financial year, alone justifies and requires the most stringent economies in every direction, including some economies in the social services and a temporary check upon their expansion." The Chancellor of the Exchequer has also told us that the estimates laid before the Cabinet in the autumn exceeded by £30,000,000 those of the current year. And it will be remembered that he pledged himself in his Budget speech last spring to reduce expenditure for the coming year by not less than £10,000,000. Take all these facts together and it will be seen that Mr. Churchill is faced with a formidable undertaking. Any serious increase of taxation is out of the question. After some years of gradual and hard-won alleviations, a reversal of the "engines of taxation" is not to be thought of. The burden is still heavy enough. But economy in practice will only be a degree or two less uncongenial than additional taxation. That can be stated as a fact, though not as an argument against economy. A more pertinent consideration is that economy provides the most searching of all tests of policy. It will reveal the Government's philosophy more than any among its more constructive policies. It is here that Labour and Liberalism will probably find a fighting front. Before the Budget is presented, an Economy Bill concerned with the statutory forms of expenditure is to be pressed through Parliament. There will be better opportunity for comment when the Bill has been tabled. It is known, however, that the Government proposes to abandon the principle by which the State shares the expenditure of local authorities for certain approved social purposes, under Government inspection, up to a certain percentage. It will adopt the "block grant" system, under which the State contributes a fixed amount for these purposes, leaving the local authority free to dispose of it. It is claimed that the percentage grant encourages local

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extravagance and commits the State to expenditure on an always increasing scale. It is urged against the block grant that it has been tried and found wanting, that it penalises progressive local authorities and weakens central control over the unprogressive. For the present it is sufficient to record that the first announcement of the change, as affecting public education, has raised no inconsiderable storm. The cutting of social expenditure in an industrial and fully enfranchised community cannot be a course free from political dangers. Much will be heard in the coming months of the contrast between the expenditure on battleships and the expenditure on schools.

II. THE OPPOSITION

IN the last issue of this review* we commented briefly on Mr. Lloyd George's schemes for urban and rural land reform, just published. It was doubtful then what favour they would find with the Liberal party. It is clear now that Mr. Lloyd George has launched a policy on which Liberalism is as likely to divide as to fight. The two committees of enquiry which he set on foot were not officially Liberal. Their investigations and the Reports were financed from the political fund which he took with him when the Coalition broke up. The Coalition was or became a body which framed policy with a view to holding its components together. Now Mr. Lloyd George has taken the opposite and preferable course of formulating a policy capable of organising a following. The first rumour of trouble arising from this independent action was heard when the guardians of the Liberal chest, charged after the last election with the duty of amassing a "Democratic Million Fighting Fund" as a first step in the retrieving of disaster, approached Mr. Lloyd George with a request for

* THE ROUND TABLE, No. 61, December 1925, p. 148.

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a contribution from his personal fund. Mr. Lloyd George plainly intimated that he could make none until he knew what line the Liberal party was going to take about his land proposals. The party, officially, declined to entertain conditions. In due course the reforms were submitted to a conference of Liberal and Radical candidates. Mr. Lloyd George had proposed the clean elimination of rural landlords and the substitution of the State in their stead. The Conference assented to this, provided it were done gradually and not at a stroke. Mr. Lloyd George accepted the compromise. It will have been submitted to a national convention of the party by the time these lines appear. Accepted by them, it will become the official policy. In the meantime the Right-wing Liberals and the Radical Individualists will not have State ownership of the land on any terms. Some have been moved already to sever their connection with the party and cross to the Unionists. Sir Alfred Mond, a great industrialist and a politician with a fine public record, has taken this decision. He will be valuable to the party he has joined both for his own ability and experience and for the encouragement he has given to others to do likewise. A stalwart Radical like Mr. Runciman would probably prefer that the Liberal party should sever itself from Mr. Lloyd George. It is possible that in the long run Mr. Lloyd George will prove to have simplified the course of politics by facilitating co-operation with Labour—though Labour is deeply suspicious of him, it is not wholly unsympathetic to his new plan—and by compelling decisions such as Sir Alfred Mond's. But for the present Liberalism is in greater confusion than ever. The day before the session opened it fell to the Parliamentary Liberal party to elect its leader. The party is 39 strong. 17 voted for Mr. Lloyd George, 7 against him, while the rest were absent or abstained. Captain Wedgwood Benn, for the Radicals, explained that their vote was cast against him because his past record (with the Coalition) was a weakness to the party. But the

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constituencies may have shorter memories, and it may be of three million voters rather than of 39 members that Mr. Lloyd George is thinking in his new campaign.

The Labour party also has its troubles, though more manageable and perhaps to be regarded as normal in a body with Right and Left wings so clearly defined. In the last week of last session four prominent members of the Left—Mr. John Wheatley, Mr. George Lansbury, Colonel Wedgwood and Mr. Maxton—demanded that the party should take a leaf out of the Irish book and hold up all Government business until the unemployment problem had been dealt with to their satisfaction. Otherwise they proposed to withdraw their names from the list of candidates for the new executive of the party in order to free their Parliamentary action in the present year. A party meeting was held, the conclusion of which was a resolution promising vigorous tactics on the subject of unemployment and in opposition to the capitalistic policy of the Government. Mr. Wheatley, Mr. Lansbury and Colonel Wedgwood then allowed their names to go forward. The result was unexpected. Mr. Lansbury, first in the poll of the previous year, obtained tenth place, the sole Left wing representative out of fifteen. Mr. Wheatley, an ex-Minister and leader of "the Clyde," and Colonel Wedgwood were defeated. It was a vote of confidence in Mr. MacDonald.

III. THE INDUSTRIAL POSITION

INDUSTRIAL Labour in its present mood seems, broadly, no more sympathetic to the Left. It is perhaps true that at no time since the war have "forward" policies been less popular. Mr. Cook's plan of an Industrial Alliance has not prospered. The National Union of Railwaymen refuses to enter it, the Railway Clerks have deferred

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consideration of it, and the Engineers and Boilermakers appear to regard it with disfavour. Mr. J. H. Thomas (N.U.R.) and Mr. Cook are in open and wordy conflict. A large step towards the elimination of strikes has been taken in the shipyards, where the Federations representing employers and employed have agreed upon an elaborate arbitration scheme to deal peaceably with disputes arising out of craft distinctions and union restrictions. A similar agreement covering wages disputes is to follow.

Against these more favourable symptoms must be set others. A strike has been narrowly averted in one great industry and negotiations have been broken off in another. The National Wages Board, the court of appeal for the railway industry, rejected the men's programme for an "all-grades" advance in wages and the companies' claim for wholesale reductions. Its award, however, deprived new entrants to the permanent staff, after February 1, of the cost of living bonus now paid over and above the basis rates. The men's executive recommended the award strongly for acceptance in view of the serious position in which rejection would have placed the union. On January 22 a delegates' conference overrode this appeal and rejected the award by a large majority. Fresh negotiations were opened with the railway companies, without result. The issue was then put to the delegates in the form of a strike motion, which they rejected by 41 votes to 36. By another narrow majority the award was then accepted. There was serious resistance to an award which meant different rates of wages for the same work, especially as the companies refused to give an undertaking to regard the basis rates (about 100 per cent. above pre-war rates) as irreducible. There is also strong feeling among the more "advanced" of the railwaymen against Mr. Thomas, a Privy Councillor, an Imperialist and suspect of "bourgeois" sympathies. But Mr. Thomas can point to practical achievements in the relatively large advantages which the railwaymen have succeeded in maintaining during the years of trade depres-

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sion, and these count for more than politics with the rank and file.

At the end of January, 47 unions representing more than a million and a half workers in the engineering industry broke off negotiations with the Engineering Employers' Federation upon a demand for a flat increase of £1 a week in wages "in view of the length of time that has elapsed since our application . . . was made." No hasty action, however, is likely to be taken, nor are the men unaware of the conditions which the industry as a whole has to face. On the contrary, there is growing pressure upon the Government from employers and employed equally to provide a stable foundation for wages by international agreement on working hours and conditions. The result is the passage in the King's Speech already referred to. Mr. Hodges is pressing the same views upon the International Miners' Federation.

It is undeniable that, after the fifth winter of unemployment, cheerfulness is beginning to break in upon the mind of England. It is not quite accounted for and it is not entirely trusted—possibly because men coming out of darkness need to get accustomed to the light. But it is there. The chairmen of the Banks, in their annual and eagerly awaited observations upon the state of the nation, have agreed that better times are in store. Last year hopeful forecasts were upset by the collapse of the coal trade. This year, given—what is not to be despaired of—industrial peace, it is to be hoped that they will not require revision.

IRELAND: THE BOUNDARY SETTLEMENT AND AFTER

I. THE BOUNDARY SETTLEMENT

THE main events in the history of the Boundary question have already been described in these pages* up to October 31, 1924. On that date the Commission was formally gazetted, Mr. Joseph R. Fisher, an Ulster Protestant and a former editor of the *Northern Whig*, being appointed Commissioner for Northern Ireland by the British Government. Sir James Craig's Government took no responsibility for Mr. Fisher's acts, but the appointment was generally regarded as a fair one. On November 6 the Commission commenced its sittings.

Its first step was to call upon the different Governments to state their case. The Free State alone responded, and was the only body on this or any subsequent occasion to be represented by Counsel. Representations were next invited through the Press and the Commission announced its intention of making a tour along the Boundary, to be followed later by another visit to take evidence. At the same time, Sir James Craig made it known that, although his Government would take no part, it had no wish to stop people from giving evidence, or to dictate their attitude.

From December 9 to 22, 1924, was spent on the Boun-

* THE ROUND TABLE, No. 56 and 57, September and December 1924.

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dary, which had already been visited by the Chairman in the summer. No formal hearing was then held, but the Commission got into unofficial touch with the people. Evidence was taken in March, April, May and June, at Armagh, Rostrevor, Newcastle, Enniskillen, Derry and Omagh, something like a thousand witnesses being heard, apart from representations. The hearings were in every case *in camera*, though the claims and the parties' names were published. The view of the party in power was usually put forward by some public body, that of the opposition by an association of citizens. There were, however, exceptions. The County Council did not appear in the case of either Donegal or Tyrone. It was made clear at the outset that evidence would be taken from Free Staters who wished to be included in Northern Ireland as well as from people in Northern Ireland who wanted to be put in the Free State, and both kinds were heard. The Commission declined, however, to say in what way it interpreted its duties. After the evidence Counsel for the Free State again addressed the Commission.

After this there was a long silence. It was broken by an incident calculated to influence events, which, although a settlement was ultimately reached, at one time seemed likely to ruin the prospects of peace. On November 7 the *Morning Post* published what it called a special forecast of the findings of the Boundary Commission. It purported to show that no important territory would go to the Free State, and that the changes would only amount to readjustments. Northern Ireland was to get a strip of Donegal. The *Morning Post's* action has been scathingly criticised. The calm that a judicial enquiry demands was henceforward out of the question, and, in the event, the chance of a unanimous award was wrecked. There had been other forecasts. Its Belfast correspondent, for instance, published one in the *Manchester Guardian* on September 1. Another by Darrell Figgis appeared in the *Sunday Times* on September 13, and the *Belfast News-letter* issued one at

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the same time as the *Morning Post's* which resembled it. The *Morning Post* forecast, however, immediately attracted attention in a way that none of the others did. This was, no doubt, largely due to its tone and detailed character. In Ireland, too, there is a tendency to exaggerate the *Morning Post's* influence. In a variety of quarters, however, the forecast was taken to be based on actual knowledge. The *Observer* reproduced it the next day in full with acknowledgments. The *Daily News* remarked that with such an air of authority "it is reasonable to suppose that it was in some way officially inspired" and other newspapers spoke in the same way. In Belfast opinion was divided, but people grew less sceptical when they saw the impression produced elsewhere.

In the Free State generally, as was pointed out in THE ROUND TABLE last September,* the Boundary Commission had excited little interest, but on the border the fat was now in the fire again. Delegations hurried up to Dublin to see Ministers and the newspapers fastened on to the forecast. A statement was issued by the Secretary of the Commission on November 9 that it was "purely speculative," but it was like a cup of water on a bonfire and the unrest was fed by speculation of all kinds. Dr. MacNeill's attitude in particular came in for discussion. He would never, some said, join in a report of that kind. Another view was that he must have been hypnotised. He was warned that to sign it would be political *barakiri*. If necessary he must resign. And so on. There were questions in the Dail on the 11th, and on the 12th a Senator from Donegal raised the issue in the Senate. The Free State Government should, he said, protest through Dr. MacNeill if the forecast was correct, and demand a plebiscite. On the Donegal border people talked of resisting to the death any transfer of their territory to Northern Ireland. There were speeches too

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on the other side. Sir James Craig recognised "a more reasonable spirit . . . in the hearts of our opponents." But, he added,

I would no more hesitate to-day than I did in 1914 to fight in the open against our enemies who would take away the loved soil of Ulster from any of the loyalists who would want to remain there . . . We stand as we stood before,

and another Northern M.P. assured his hearers at a Unionist rally that "if certain things happen . . . the Prime Minister and the members of the Government will hand in their resignations and take the field."

All this time Dr. MacNeill was reported to be keeping his own counsel, refusing to be drawn even by his brother Ministers, and on the 19th he left for London.

The unrest came to a head with a full dress debate in the Dail on this same day. Mr. Cosgrave maintained that the Commission had no power to transfer Free State territory. He found it inconceivable that men valuing their reputation for impartiality and honour could lend their names to such a decision as had been forecast, and he warned the Commission not to allow itself to be influenced by intimidation and misrepresentation. If they departed from the terms of their reference "they would have done bad day's work not for Ireland alone but for the whole Commonwealth."

The following day the Commission met in London and on November 21 Dr. MacNeill's resignation was announced. He himself had already returned to Dublin. According to Mr. Cosgrave, who spoke the next day at Emyvale, the reason for his withdrawal was that there was "no likelihood that the work of the Commission would result in a report based upon the terms of reference," or that the wishes of the inhabitants would be carried into effect. He referred twice to the ample character of the evidence. Dr. MacNeill had lost faith in his fellow-Commissioners and so, Mr. Cosgrave added, had he himself. They had allowed

* THE ROUND TABLE, No. 60, September 1925, p. 765.

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themselves to be swayed. He ended with an appeal to the public to show dignity and restraint. Mr. Blythe, who spoke at the same meeting, used even stronger language.

These speeches did not allay the unrest. "A Grave Situation" was the *Independent's* headline the next morning, and the *Irish Times* reminded people that the Free State Government had pledged itself to accept a majority of the Commission. It considered President Cosgrave's difficulties "almost appalling." According to the correspondent of the London *Times* the Free State Government was in the worst crisis of its career.

The reply to the Emyvale speeches was not delayed. The following statement was published by Dr. MacNeill's brother Commissioners on November 24:

Our relations with Dr. MacNeill in the transaction of the Commission's work have been relations of the closest mutual confidence, and these relations continued up to November 20, when, on his return from Dublin to attend a meeting of the Commission, he announced to us his decision to withdraw and tender his resignation of his position as member of the Commission to the Executive Council of the Irish Free State. In view of the part Dr. MacNeill had taken in our proceedings throughout the last 12 months, this announcement came as a complete surprise to us. Up to that date Dr. MacNeill had made perfectly clear his intention of joining with us in signing the Commission's award embodying a boundary line, the general features of which were approved and recorded in our minutes as long ago as Saturday, October 17.

It was contemplated that a statement should be issued at the same time as the Award, indicating that members of the Commission had agreed to sink individual differences of opinion for the purpose of arriving at a unanimous award, but not specifying any point on which such differences had arisen. Since October 17 the whole work of the Commission has proceeded on the basis of the definite understanding between us that our Award embodying the line agreed upon was to be unanimous, and a full detailed description of the line with the necessary maps has been in course of preparation.

In order to prevent grave misconception it appears necessary to make this statement now, but we must reserve a fuller statement until the time comes to issue our report.

Here was the issue joined with a vengeance. Everyone

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now looked to Dr. MacNeill for the next word. Mr. De Valera's comment was that it was clearly intended to sacrifice the border Catholics and leave the Boundary as it was. He reminded people too that there was another Commission to come (under Article 5 of the Treaty) and that there was a British claim of over £19 million a year at the time of the negotiations. Mr. Johnson, the Labour leader, considered that Dr. MacNeill should have withdrawn when it was first decided to hear claims from Free State citizens to be put in Northern Ireland. Mr. Cosgrave and he should now, he said, both resign from the Government.

The same afternoon Dr. MacNeill's resignation from the Executive Council was announced to the Dail, and a long speech from Dr. MacNeill followed. He had looked upon his task, he said, not as that of an advocate of a particular cause, but as a trust under the Treaty. For this reason he had agreed to secrecy. He had now, however, to answer the other Commissioners' statement. No question of interpretation was formally raised while the Commission was visiting the ground or taking evidence. When the deliberating stage came they agreed on the desirability of issuing an award signed by all three of them so as to avoid supplying fuel for renewed controversy, but this did not mean that they were unanimous about principles. He himself differed profoundly from the Chairman. A question put to at least one witness indicated that the latter considered that the territory of Northern Ireland must not be seriously reduced, or its position made worse than it had been left by the 1920 Act, whereas with himself the wishes of the inhabitants were the dominant consideration. They also differed, he said, about the relative importance to be attached to economic considerations. The agreement that all should sign was made at an early stage before any award was formulated. But he admitted that there was still no debate about interpretation. "The details," he said, "came before us in a very gradual and piecemeal manner," until one day, probably

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October 17, a complete boundary line was before the Commission, and after that they were "engaged in discussing details with regard to the issue and publication of the award." At last he came to the conclusion that the award would be one he could not defend.

The stage was reached (he said) at which I felt that I could not join in a joint signature of the kind of award proposed to us. Why? Because the reason for which a joint signature had appeared desirable, namely, the avoidance of renewed and possibly embittered controversy, could not be avoided and was not avoided in the course of events. That was made particularly evident to me by the effect produced by the disclosures through the *Morning Post* of a version of the proposed award.

Later Mr. O'Higgins, in reply to Mr. Johnson, gave convincing reasons why a plebiscite was not taken. He referred to the absence of power and the lack of the necessary executive and administrative authority. Further legislation to make good the want would have meant more delay, and the attitude of the House of Lords must not be forgotten.* The way chosen seemed, he said, "not letter perfect, but substantially satisfactory." The Commission had statistics, e.g., the 1911 Census, to go by, as well as the witnesses, and evidence was taken from both sides as to whether it would form a fair basis. "It is not a private matter," he added, "that in the North-East corner of the country politics have followed very much the line of religious divisions." The argument, however, that gained for the Government the respite it asked was the question with which Mr. Cosgrave wound up the debate. "Were two people," he said, "not nominees of this State, still sitting and thinking of issuing an award?" Assuming that the Commission could still function, its award, it was evident, would become law automatically as soon as it was issued, and the Commission itself was an independent body which no Government could control. The Com-

* See THE ROUND TABLE, No. 57, December 1924, p. 39.

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mission's own view appeared in the newspapers the next morning (November 25).

An interview took place to-day between the Irish Boundary Commission and representatives of the British Government. Mr. Justice Feetham (chairman) and Mr. J. R. Fisher (member of the Commission) were present. The Commission intimated that the resignation by Dr. MacNeill of his position as a member of the Commission could not, in its view, be regarded as a valid or effectual resignation.

The Commission further stated that it expected to be in a position to deliver at an early date the award, which was in course of preparation, and suggested that the fixing of the date for the delivery of the award should form the subject of a future discussion.

The Commission raised the question as to the giving of preliminary information indicating the general character of the award, at some date prior to its actual delivery, to the British Government and the Government of the Irish Free State, and the question of the date at which such preliminary information should be given was discussed.

The Commission's view was supported by a Canadian case between the provinces of Ontario and Quebec, in which the resignation of one of the arbitrators was held by the Privy Council not to prevent the others giving a valid award.*

It would serve no useful purpose at this time of day to repeat the bitter things that were said of the Commission. One border paper spoke of "The Great Betrayal." There was talk of an appeal to the League or to The Hague. Feverish negotiations in London followed the Dail debate, and for the next week Free State Ministers spent their time between London and Dublin. Sir James Craig came over from Belfast and the Commission took part in the discussions, as well as the British Government. It was at first believed that Northern Ireland would stand out for the award, thinking that by it she might get a desirable slice of Donegal. It became clear, at all events, that the award must be published unless an agreement could be

* See THE ROUND TABLE, No. 56, September 1924, p. 781.

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arranged, and there was considerable relief in Dublin when on December 2 the Commissioners, in deference to the views of Mr. Baldwin and Mr. Cosgrave, decided temporarily to postpone publication. The next evening an agreement was reached, in which all three Governments expressed their resolve mutually to aid one another in a spirit of neighbourly comradeship. Its operative clauses may be summarised as follows :

- (1) The boundary to remain as it is.
- (2) The Irish Free State to be released from any obligation under Article 5 of the Anglo-Irish Treaty.
- (3) The Free State to take over the liability of the British Government to compensate people for malicious damage done since January 21, 1919, to property in the Free State and to repay the British Government any sums it had already paid or made itself liable to pay under this head.
- (4) The Irish Free State to promote legislation increasing by 10 per cent. the measure of compensation for malicious damage done to property in the Free State between July 11, 1921, and May 12, 1923, such additional compensation to be paid by the issue of 5 per cent. Compensation Stock or Bonds.
- (5) The powers of the Council of Ireland in relation to Northern Ireland to be transferred to its Government; the Government of the Free State and of Northern Ireland to meet together as and when necessary to consider matters of common interest arising out of or connected with the exercise of these powers.
- (6) This agreement to be subject to confirmation by the Parliaments of Great Britain and the Irish Free State.

The agreement was confirmed by a special Act of the British Parliament dated December 10, 1925, and April 1, 1926, fixed as the date for the transfer of the powers referred to in Clause 5. The Act came into operation on December 17, the date on which a confirming Act was passed by the Parliament of the Irish Free State by 71 to 20 votes.

The award of the Commission, by arrangement between its members and the three Prime Ministers, will not be published at the present time. Together with the report that accompanied it, it is now locked up with the

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British State archives, and, by their own desire, neither Mr. Cosgrave nor Sir James Craig have seen it. We have, however, Lord Birkenhead's assurance (in the House of Lords) that if the report were to be published "it would immensely increase, high as his (Mr. Justice Feetham's) reputation is already, the judicial repute in which he is held," and we know from Mr. Baldwin that "the map that has appeared and the statements that have been made are in many respects far from accurate." The basic principles on which the award was based have been published by the British Government in a letter from Mr. Justice Feetham to Mr. Baldwin dated December 7, which should supply invaluable guidance in any future inter-State boundary dispute. It is printed at the end of this number.

The British Government expressed its deep sense of the services rendered by the Commission to the cause of Irish peace and unity, and high personal tributes were paid to it in both Houses. "I cannot speak too highly," were Mr. Baldwin's words, "of the way Mr. Justice Feetham met us. He said at once that he rejoiced that an agreement had been come to which appeared to him to be a far better thing than any result that might be imposed upon the people."

The Boundary ghost has been laid, but a word about the terms is necessary. Mr. J. H. Thomas, during the debate, quoted an old saying that "Irishmen, North and South, only agree when they are getting something out of England."

Has England really been a loser by the Agreement? Clause 2 is the provision which affects the British taxpayer most directly, and Article 5 of the Irish Treaty, from the obligations of which this clause releases the Free State, reads as follows :

The Irish Free State shall assume liability for the service of the Public Debt of the United Kingdom as existing at the date hereof

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and towards the payment of war pensions as existing at that date in such proportion as may be fair and equitable, having regard to any just claims on the part of Ireland by way of set off or counterclaim, the amount of such sums being determined in default of agreement by the arbitration of one or more independent persons being citizens of the British Empire.

In Parliament there was talk about the figures. The Free State, under Clause 3 of the agreement, takes over a liability of £5 million, and the British grant of about a million and a quarter a year in aid of the Ulster police will no longer be necessary after the present financial year. As against this the British Government abandons a claim of £155 million less something for Ireland's share of reparations. What the award would have been under Article 5—an even larger Irish counterclaim was foreshadowed—it is impossible to say. The Free State had a British report, the Childers Commission's, to appeal to. Whitehall was confident that it could demolish its case. An Irish view of the settlement will be found in the next section. In the opinion of British Ministers, whatever the sum involved, the wisdom of putting further burdens on the Free State, which already has to pay away one-tenth of a revenue of £26 million outside the country and still laboured under an adverse budgetary and trade balance, was more than doubtful. The figures, however, were only one of the factors. Anglo-Irish trade counts for more, but for that the main essential is Irish prosperity. There is, however, an even wider consideration. It has long been a principle of British policy to assist, even at a sacrifice, the development of the other peoples of the Commonwealth, and in this particular case there was something more as well. Great Britain might, no doubt, have stood aside and let things take their course under Articles 5 and 12 of the Treaty. But what would have been the result? Mr. Baldwin has given the answer:

It would (he said) have held out no hope of a permanent settlement, no hope of agreement, nothing but the prospect of creating one more of those festering sores in the life between Ireland and

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ourselves which it has been the supreme object of British statesmanship for many years past to eliminate.

Great Britain has given up much to help Europe back into the ways of peace. The news of the settlement of the Italian debt question comes as these words are written. Surely harmony is nowhere more essential than at the heart of the Empire.

One other provision in the agreement calls for explanation, Clause 5. The Government of Ireland Act, 1920, it may be remembered, set up a Council of Ireland, on which an equal number of representatives from both Irish States were to sit, to deal with certain common services, including railways. Under the Irish Treaty these particular provisions were only kept alive in Northern Ireland. The Free State agreed in 1922 to postpone their operation for five years; but in two years' time, as Mr. Baldwin pointed out, it would have been entitled to a 50 per cent. representation in Northern Ireland as well as complete control in its own territory in so far as these services are concerned. By the new agreement Northern Ireland is made mistress in her own house in this respect. It may be thought that this will separate the two parts of Ireland more widely than ever. No one who knows Irishmen will think so, if he reads the further words which were quoted from Clause 5 by Mr. Baldwin in the House of Commons:

The two Governments of North and South shall meet together as and when necessary for the purpose of considering matters of common interest arising out of the exercise and administration of the powers in question.

These words, the House was informed, were put in not only with the consent of Sir James Craig and Mr. Cosgrave, but at their desire, and as far as the future is concerned the goodwill, of which they are an earnest, should be worth all the constitutional machinery in the world.

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II. AFTER THE SETTLEMENT : AN IRISH VIEW

THE London Agreement has had important consequences. For one thing, it has rescued the Free State Government from the results of their own folly. The real truth, which both parties to the controversy had refused to recognise, was that the only settlement that could be of value to either, or to Ireland which was perhaps more important, was a settlement by mutual consent, and that any other solution could only exacerbate and inflame the bad feeling already existing and postpone for many generations any successful approach to Irish unity.

The wild men on both sides of the Border had set the pace for their respective Governments, who seemed to have neither the inclination nor the will to advance from the hopeless and helpless position in which they had entrenched themselves. If one regards the Boundary as a scar, which past conflict has left on the Irish body politic, it would seem to be more sensible to leave it alone than to continue irritating it until it becomes septic. Yet this was the deliberate policy of the Free State Government. But this agreement accomplishes more than this: it settles once and for all the financial liabilities of the Free State under Article 5 upon terms which are both just and generous, and it opens the door for a permanent *rapprochement* between North and South based upon the realities of their joint economic existence. This happy result is really due to the fact that the peoples of the Free State, Ulster and England, were tired of quarrelling, and that after three years' experience of the *status quo* they had realised that the interests of no one could be advanced by any trivial alteration of the Ulster Boundary. The Free State Government do deserve, however, credit for having the courage at last to face the taunts of the extremists and the doctrinaires in their own camp in order to give

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Ireland what she wanted, and they have considerably strengthened their position by doing so. It is to be hoped that they will benefit by the lesson, for their domestic policy has too often been inspired by a transparent fear of extremist criticism.

The real value of the London Agreement lies in the fact that England is acquitted of all further obligation to interfere in Irish affairs. It is not likely that North or South will call her in again. The only outstanding question, that of Irish liability for coastal defence, should not, unless grossly mismanaged, lead to new trouble in this direction. This being the case, both the Free State and Northern Ireland must recognise that the wisest course is for each to go its own way, neither courting nor threatening the other, but trusting to natural forces to re-unite the country. The real danger is that well-meaning enthusiasts may seek to expedite the process. Our national character is inclined to fix its hopes on ultimates and to try and realise them at once, relapsing into anger and gloom if its desires are not satisfied. There was never more need for a policy of *festina lente*. It is idle to deny that the people of North East Ireland constitute a different race from the rest of Ireland. Scotch by blood, Presbyterian in religion, and hard by temperament, it is well frankly to realise that they can never be forced into a political union with the Free State. Nor will economic pressure through the Customs barrier avail, rather will it perpetuate partition by destroying all links between North and South. The new agreement, therefore, not only recognises the inevitable, but shows us the way to escape from its grip. Already Sir James Craig, Lord Londonderry, and Mr. Pollock, the Northern Finance Minister, have expressed a desire for the removal of the Customs barrier between Northern Ireland and the Free State. It is not clear whether they entirely understand the implications of this demand, which could be hardly realised as long as Northern Ireland remains within the English Cus-

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toms Union. The first step towards such a policy would be the transformation of Northern Ireland from its present status to that of a Dominion—a transformation which the Free State Minister for Industry and Commerce, Mr. McGilligan, has recently stated in the Dail he would be glad to see. Were Northern Ireland to become a Dominion, and seek inclusion in the same Customs Union as the Free State, the further step to a Federal Parliament for all Ireland would be short indeed. But, in the writer's judgment, all such speculations are premature. Let us seek first uniformity and friendly relations with the North in the humdrum affairs of national existence, railways, fisheries, diseases of animals, and the like. And of such relations wider goodwill and co-operation must come. In this connexion it is pleasant to note that Mr. Archdale, the Northern Minister for Agriculture, has already visited Dublin and conferred with Mr. Hogan, his Free State confrère. Everything will really depend on how we manage our own affairs. If we devote our energies to building up a well-ordered, prosperous civilisation within the Free State, the latent fear in the Northern mind may be finally and completely exorcised. It may well be the acid test of our achievement. But the onus is not entirely on the Free State. We are entitled to look for overt acts of goodwill from the Northern Government. The first of these no doubt may be found in the disbandment of the Specials, a step which was, the writer fancies, dictated as much by financial necessity as by graciousness, and also in the reference of the amnesty of prisoners to the English Government.* A contrary intention appears in the absurd action of the Northern Bar in founding a separate Inn of Court, and so cutting itself off from the great and historic tradition of the Irish Bar. Much remains to be done to render the lot of the Catholic minority in Northern Ireland tolerable. Proportional representation should be re-enacted, the

* On January 25 *The Times* announced that 33 Irish prisoners had had the remainder of their sentences remitted and were to be released.

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undoubted gerrymandering of the local government areas in Tyrone and Fermanagh cancelled, and some attempt made to give Catholics a fair show in public appointments. In all these matters the Northern Government has much to learn from the Free State, which has gone, indeed, to the other extreme in its desire to show its bona fides. The Catholic minority in the North must also make up their minds to accept the new state of things as loyally as the Protestant minority in the South. So far only two of the Nationalist members, Mr. Devlin and Mr. MacAllister, have taken their seats in the Belfast Parliament, and the remaining eight have not reached a decision, although the majority of them are believed to favour taking their seats at once. No full dress meeting between the two Irish Governments would seem to be possible until this matter is cleared up. Now that the Boundary question is disposed of the pressure of circumstances and constituents ought soon to lead to a satisfactory solution. For it is true, as President Cosgrave pointed out during the Dail debates on the London Agreement, that minorities suffer most in times of political strain. When there is peace and accord they come by their own.

The repercussions of the agreement upon the Republican party have been definite and decisive. It is no exaggeration to describe it now as a discredited and discontented faction. Even prior to the Boundary crisis it had become apparent that it was riven asunder and that, like all extreme organisations, it was being devoured by its own children. Documents published by the Ministry for Justice proved conclusively that the young fire-eating element in its ranks had kicked over the traces and were turning their guns, not only upon the Government, but upon the mediocre and muddle-headed doctrinaires of which its right wing is composed. Mr. De Valera, immediately the Boundary crisis arose, assured the country that during the pre-Treaty negotiations the liability of the Free State, under Article 5, was estimated by the English nego-

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tiators at £19,000,000 a year, but no sooner had the article been cancelled by the London Agreement than he assured his credulous hearers that it was an unimportant trifle. Both statements cannot be sincere. It is this kind of irresponsible talk and transparent exaggeration which has made every thinking person in the country regard the Republican party with contempt. And it is an open secret that it is also hopelessly divided on the question of the Republican Deputies entering the Dail, a majority favouring that course, but being paralysed in action by the threats of the extremists led by the redoubtable Miss Mary McSweeney, who, as a just punishment for our sins, has returned to these shores from America. The recent Ard Fheis, or general meeting of the Republican organisation, in secret conclave, delegated to the newly elected Governing Council the decision of this and other questions of policy, as a means of shelving the question. The Governing Council recently met in Dublin (January 13) and, being unable, apparently, to compose its differences, has announced, after protracted discussion, that it has decided to call another Ard Fheis on March 9 to settle the questions at issue. The question to be considered, according to a press *communiqué*, issued by Mr. De Valera, is—

Whether with a view to massing the people of Ireland against the oath of allegiance—which is a national humiliation and a barrier to unified national action—it could be promised officially, on behalf of the Republican organisation at any time, that if the oath of allegiance were removed the Republican party would take their seats in the Free State Assembly, regarding that Assembly, frankly, as a non-sovereign, subordinate, 26-county institution, but one which was in fact in a position to control the lives of a large number of the people.

I have set out this conundrum *in extenso*, so that outsiders may realise the kind of hair-splitting mentality which has reduced the Republican party to its present impotent condition. It is no secret that it is also in a bad way for funds and a levy has recently been ordered from all branches. The Irish in America have apparently realised at last that

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it is both foolish and immoral to subsidise further funds for the purpose of upsetting the Free State. Mr. De Valera, in a recent speech at Rathmines, announced that he was sorry he did not stand out for a “simple quit” in 1921, rather than accept the Treaty. The great majority of the Irish people probably considers that he might even now advantageously carry out this policy as far as he and his party are concerned. There can be no doubt that without the assistance of proportional representation not one of his braves would survive another election, and that few, even under such advantageous circumstances, will manage to do so. The Republican party has no guiding principles, save that of attacking whatever the Free State Executive may do. It embodies a mere spirit of contradiction and negation. Its policy in regard to Northern Ireland is a futility which would involve us in bloodshed, and perpetuate bitter and irreconcilable memories. It is no exaggeration to say that the intense feeling of the North against union with the Free State is largely due to the organised attacks on life and property in Belfast before and since the Treaty, and to Mr. De Valera’s absurd and wicked bragging that he would crash his way through Ulster. Through the Republican party can come neither peace with the North, nor peace at home. The people of Ireland are beginning to realise at last that the man who tills an additional acre, plants a tree, or sets up a new loom is a more practical patriot than these dissectors of oaths. The wave of emotional nationalism has been shattered finally upon the reef of political fact.

From whence then is a healthy and constructive opposition to come? That is a question of vital importance for the future political well-being of the Free State. The formation of a new political party has been recently foreshadowed.*

* This party has now been formed under the name of the People’s Party. Its programme is a wordy and nebulous document which, as might be expected, is full of contradictions. It may truthfully be said to have neither a coherent policy nor a future.—*Ireland, February 12, 1926.*

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It is said to consist of the so-called National Group of ex-members of the Dail and the few members of the Government party, headed by Professor Magennis, who voted against the London Agreement. It is hoped to add thereto the more moderate members of the Republican and Labour parties, as well as some of the Farmers, and to formulate as its policy "Constitutional Republicanism," *à la* Hertzog. It is hard to conceive a more heterogeneous and ridiculous compost. A political party, if it is to live, must be based upon some fundamental principles of policy and action, and it is difficult to imagine any policy upon which a party so composed could agree, save that of attacking the Government. That policy would naturally cease, if and when it attained office, and it could not long survive the shock. The recent ludicrous performance, when these various elements met in the Shelbourne Hotel last December to decide on steps to oppose the London Agreement, is a good instance of what might be expected to happen. The meeting had to be presided over by three chairmen, Mr. De Valera, Mr. Johnson (the leader of the Labour party), and Professor Magennis, and after many hours of oratory, both public and private, dissolved without reaching an agreement of any kind. At an early stage of the proceedings one egregious person, in language more accurate than Gaelic, stated they "were up against it." No salvation lies along this road, nor can there be much doubt that the present Government, unless something very unexpected happens, will continue for its natural term, and very probably be returned again to power. It has survived worse shocks than any the immediate future seems to hold, and it has just signally defeated the strike promoted by the Labour party to secure higher wages on the Shannon water power scheme. It has received also from the Intoxicating Liquor Commission a unanimous and sensible report which pleases neither the publicans nor temperance fanatics, but, what is more important, can be carried into law with complete public approval, and which will eliminate

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the superfluous public houses on a basis of just compensation similar to that already in force in England. To oppose the Government there is no party held together by political principles, but only groups representing interests. Neither labour nor capital, as such, can hope for more than a minority group. Agriculture might secure a majority; but the farmers, with one or two brilliant exceptions, such as Senator Linehan, have shown little or no political capacity, and moreover the large farmers and the small do not pull together. The Farmers' party, as it stands, really only represents the large farmers. The Catholic Church, which is regaining much of its power by a wise silence in public and a discreet intervention in private, is supporting the Government, which could never have carried the London Agreement without its tacit approval. It was the hostile attitude of the Church on this question which was the principal cause of John Redmond's downfall. Any new party to succeed must be united intellectually in a fundamental policy wide enough to apply to all the present political problems of the Free State. Such a policy might well be directed to the creation of a united Ireland. It would be directly contrary to what may be called for brevity the "*A chara* policy" of the present Free State Government. The official correspondence in the Irish Free State is conducted in English, but every letter begins with "*A chara*," the Irish equivalent for "Dear Sir," and ends with other salutations in the Irish language that vary according to the whim of the Ministry concerned. No other civilised Government indulges in such an absurdity, which, trivial as it may seem, is symptomatic of an unreal and artificial mentality. This make-believe permeates the whole policy of the Government in education, in industry, and in external affairs. It is based on an exaggerated and inflated national self-consciousness, and on a desire to outflank and out-Herod the Republicans. It is not based on consideration of what is really best for the country, nor can it be reconciled with the declarations of desire for unity

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with Northern Ireland. Many instances of its application might be given, such as the recent struggle with the doctors over the question of medical registration, an issue which is now postponed rather than settled. The net question involved was whether the Irish medical profession should remain in its present privileged position under the British Medical Council, or whether, as the Government wished, it should sever that connection and be placed upon the Colonial Register, where it would still be under the control of the British Medical Council, but not be entitled to share in its decisions or deliberations. It was as good an example as could be desired of this fatuous "*A chara*" policy, and a complete illustration of cutting off one's nose to spite one's face. Similar, and even more far reaching, issues arise over the compulsory teaching of Irish in the national schools which, owing to the fact that virtually the entire adult population of Ireland are English speaking and that few Irish speaking teachers are available, is likely to produce a generation which will be neither Irish speaking nor educated. Its most recent manifestation is a proposal to issue a distinctive token coinage in silver, nickel and bronze. This may be a slight financial gain to the Free State, but in all other respects its benefits are purely sentimental because it involves no change of currency. It is only part of the general "playboy" performance so characteristic of Irish politics, and will certainly not tend to the promotion of closer ties between Northern Ireland and the Free State. Here is the real weakness in the Government armour, and here an effective Opposition based upon political realities rather than doctrinaire delusions would obtain far-reaching support and should be able to formulate a policy of an affirmative kind. The writer is sanguine it will develop in the near future, and it will be a good day for both the Free State and its Government when it does. It is clear, however, that at present whatever firm opposition may arise must be of a group nature. In many other countries it is now a frequent, indeed almost a usual result

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of a general election that no party obtains an absolute majority of seats. This position occurs irrespective of the method of election employed. It occurred in Canada in 1925 and in Great Britain in 1923. The problems which this situation presents are in process of being worked out by trial and experiment—they are, as these words are written, predominant in Germany—and a notable example has taken place recently in Belgium. It would almost seem as if upon their satisfactory solution may depend the future of parliamentary government. It is desirable that the Free State should consider such problems carefully in advance, because they may arise in very vital and serious shape after the next election and they will not solve themselves. It will be more difficult to solve them in a country like Ireland, where political opinions are so frequently based on personal hatreds.

The cancellation of Article 5 is of supreme importance to the Free State. As long as this liability remained undetermined it hung over us as a menace to our credit, a hindrance to borrowing for development, a deterrent to our business expansion, the last argument of the Republicans, and a not unlikely cause of friction between England and Ireland. The consideration for this cancellation is a sum of approximately £5,000,000 payable to England, and a sum of approximately £1,000,000 paid as additional compensation in Ireland. The National Debt of the Free State is now approximately £13,500,000. In addition to this there are the Land Bonds, which will ultimately amount to about £30,000,000. These are, of course, raised for a special purpose, and will be paid off by the land annuities. They do not constitute a real deadweight addition to the National Debt. The debt to England, under the London Agreement, is as at present arranged to be paid off as to £150,000 in 1926 and the balance by 59 annual payments of £250,000. This is a terminable liability which will probably be met out of current revenue. In addition, there is also outstanding

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the balance of the internal and external Republican loans raised in 1919. The major portion of this loan is external and is outstanding in the United States. The total liability under this head (including interest) is estimated at an outside figure of £2,500,000, and provision for its redemption has been already made by the Dail Eireann Loans and Funds Act of 1924. We are safe, therefore, in stating that, excluding the Land Bonds for the reasons stated, a sum of £22,000,000 would immediately discharge all the present and ascertainable national liabilities of the Free State. This works out at £6 9s. 4d. per head of population, and compares most favourably with other countries. It is less than one year's revenue of the Free State. It is also principally "internal" and does not involve much money leaving Ireland. The Free State, indeed, is in a far sounder position than Northern Ireland with its heavy Imperial contribution and appalling industrial unemployment. The linen trade and shipbuilding have both been violently hit in recent years, and if, as some fear with good reason, these declines are permanent and economic the future of Northern Ireland is parlous indeed. But the Free State also has its serious difficulties. The export statistics of agriculture, its main industry, tell an unsatisfactory story; taxation and the cost of living are far too high. Worse still, a general atmosphere of apathy and disillusion prevails. It is poor with its 200,000 economic holdings and its 200,000 underpaid agricultural labourers. Unemployment is spreading in town and country alike, nor is it probable that conditions can improve without further embitterment of the relations between employer and employed. The railways have ceased to earn a dividend. Nothing is radically wrong, however, and our present position is at least as fortunate as that of any other European country. Our stable industry—unlike those of Northern Ireland—is subject to no violent fluctuation through international depression and to no caprice of fashion. Its best and richest market lies at our door.

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We need to learn, however, the gospel of work, efficiency and organisation which has made the United States prosperous. But whatever may be the immediate future of these two communities, it is hard to see how either can make real progress alone. Instead of a separate coinage, separate medical registers, and separate Inns of Court, Ireland needs closer bonds of union between North and South. They must co-operate to restore the great national industry of agriculture, and to unfetter and expand their common civic and commercial relations. The statesmen who first sincerely put this policy into force will deserve well of their country. When the Free State assists to launch the Irish boat and Northern Ireland makes up its mind to pull its weight as one of the crew, then, and not till then, will Ireland reach that position in the international race to which she is justly entitled. In an all Ireland Federal Parliament the big business men of Belfast will find their natural allies in the big farmers and big business men of the South, and Ulster labour will join hands with its Southern confrères. In that day the anti-English complex will finally disappear from Irish life. For that consummation it is now the most urgent and patriotic duty of every honest Irishman to work, and it is because the London Agreement ought, if we are wise, to bring it nearer that we may well describe it as a great event.

CANADA

I. WHY CANADIAN NATIONALISTS ARE DISSATISFIED WITH THE STATUS OF CANADA *

CANADIANS, in increasing numbers, are not content with the present state of inter-Imperial relations and are not willing to wait indefinitely upon the leisurely evolution of these uncertain relationships into something more definite and more satisfactory. They see dangers of various kinds in a policy of drift and procrastination—more particularly a danger to Canada's national existence. They believe that the spirit of the Canadian people requires full national expression; and they ask themselves whether this expression is possible within the British Empire, to use this somewhat obsolete term. It is customary to belittle this nationalist movement in Canada as of no significance; but no one who studies Canadian currents of opinion dispassionately can doubt the rapid growth of this feeling of nationalism, with corresponding dissatisfaction with the anomalies and inconsistencies of the present system. Here is a question that cannot be long

* This section is contributed by a prominent leader of nationalist opinion in Canada. We print it, without expressing our concurrence, because we believe it important that the more radical theories of the nature and development of Imperial relations should be placed before the readers of *THE ROUND TABLE*.—*Canada, January 20, 1926.*

Why Canadian Nationalists are Dissatisfied ignored. The question, to put it bluntly, is this: Is there a place in the British Empire for Canada, as a nation—that is a real nation, not an imitation one, with all the powers, privileges and responsibilities which go with nationhood?

The views of these Canadian nationalists have perhaps found their clearest expression in declarations made by General Smuts when he was Prime Minister of South Africa. Urging the need of an Imperial Constitutional Conference to “clear up the situation,” General Smuts said in the South African Parliament in June 1920:—

There was practically a unanimous opinion that the British Empire could only exist on the basis of complete freedom and equality. A new world had arisen and a new Empire had to be moulded in consequence.

A year later, when the Imperial Conference refused to call a constitutional conference, thus disavowing the policy laid down by the Imperial Conference of 1917 in its famous constitutional resolution, General Smuts expressed his disappointment at the decision in an interview in the London Press, in the course of which he said:—

Unfortunately the old machinery still remains and it is astonishing that statesmen have not yet realised the anachronism. I have insisted on a constitutional change in the Empire and I am also astonished that others have not been equally impressed with its inevitability. The British people must realize that there must be a complete equality and freedom enjoyed by the sister States united by the King. Your constitutional problem is to find new formulas to fit new conditions.

Behind the refusal of the 1921 Imperial Conference to call the constitutional conference was a certain attitude of mind towards the Imperial problem. The Conference of 1917 by its resolution declared the principle—that of equality—which must be observed in working out the scheme of inter-Imperial relationships; but because of the complexities of the problem it left its solution to the

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future. But to the confident Conference of 1921 there was no Imperial problem. "Having regard to the constitutional developments since 1917," it declared, "no advantage is to be gained by holding a constitutional conference." It is toward the mood of 1921, the willingness to accept the vague indefiniteness of the present situation, the reluctance to come to grips with realities—which in its practical effect is a repudiation of the spirit of 1917—that Canadian nationalism is increasingly critical.

"What," it is impatiently asked, "do Canadian nationalists want?" They want, to put it briefly, the complete acceptance of the implications of the doctrine of equality laid down in 1917, and its practical application for the removal of the inconsistencies, anomalies and absurdities of the present Imperial system. They want Canada to have, in the Britannic confederacy, precisely the same constitutional position that Great Britain has—that of an independent country with no limitations upon its sovereignty, save those to which it consents by formal engagements. Is there a place in the British Commonwealth of Nations for Canada if she becomes a sovereign State, precisely as Great Britain is a sovereign State? This is the question to which Canadian nationalists want an answer. Obviously if there is room in the British Commonwealth of Nations for Great Britain as an independent nation, but no room for any other independent nation, Canada and the other Dominions are not nations, are not equal to Great Britain, but are in fact glorified colonies, pretending in the face of the world to be something which they are not.

This is a position not good enough for Canadian nationalists. It may be the case that to-day a majority of the people of Canada, if the issue were put to them, would accept a place of permanent inferiority if only upon these terms. Could Canada remain within the Empire; but this is a condition which, even if it presently exists, will change. Nine million Canadians may be willing to be inferior; but there will be fifteen million people in Canada before

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long; and thereafter the figures will rise to twenty millions and more. At some point in this development Canadians are going to decide that the time has come for them to take their position in the world as a fully-equipped nation. If we evade the question to-day, we shall meet it in inescapable form to-morrow, with the possibility that the solution which is available to-day may not be possible to-morrow. Why not seek now, in General Smuts' words, for "new formulas to fit new conditions"? The finding of the formula would not be difficult, though the constitutional changes involved by its adoption might in their working out make demands upon the resourcefulness of our draftsmen and statesmen. General Smuts in a speech in the South African Parliament declared that the definition of the new Commonwealth, making possible the association of free and equal nations for common purposes, could be put in a half-dozen lines. A Canadian public man of note, Sir Clifford Sifton, has tried his hand at a formula. It is in the form of a proposed Parliamentary resolution, and is in these terms:—

That the governing powers of Canada, as constituted by the British North America Act, as amended and as altered from time to time hereafter by the people of Canada, ought to possess under the British Crown the same powers with regard to Canada, its affairs and its people as the Parliament of Great Britain possesses in regard to Great Britain, its affairs and its people.

Such a declaration would leave no doubt as to the status of Canada. The King and the Parliament of Canada would be the governing power in Canada, just as the King and the Parliament of Great Britain form the governing power for Great Britain. Canada would then have within the British Commonwealth precisely the same powers and rights as Great Britain; and she would have an equal position with her as an international Power. Upon Canadian matters the King could be advised only by his Canadian Ministers. The British Parliament and the

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British ministers would have no control, actual, theoretic, or prescriptive, over Canadian matters. Our Parliament would no longer be in the position of operating, nominally at any rate, by virtue of powers delegated to it by an external Parliament in which Canadians have no representation. The relationship of the Canadian Parliament to the King would be identical with the relationship of the British Parliament to the King; and Great Britain and Canada would have towards one another the same reciprocal obligations and duties. What would these be? They would be whatever might be mutually agreed upon by the two equal parties to the understanding. Are our "new Imperialists," who talk so readily of the "status of equality," willing to have these obligations fixed by negotiations and embodied in a document signed by both parties as equals?

Here is the heart of the Imperial problem; and the test of the sincerity of all those, however highly placed they may be, who talk about the new Empire of partnership and equality is their readiness to face it. If Canada and the other Dominions achieve this status the Austinian conception of sovereignty, which still dominates the thinking of the statesmen of Great Britain and some of the Dominions, goes overboard. In the old Empire sovereignty over the whole Empire was vested, in fact, in the King and his British advisers; and it was exercised constantly and consciously in the field of international affairs. It is because the implications of the doctrine of equality put an end to the jurisdiction of the Parliament of Great Britain over the Parliaments of the Dominions that we have seen in the last six years the repeated ingenious attempts to qualify and water down these implications, by a series of propositions every one of which was designed to re-establish, under other forms, the power of the British advisers of the King, to exercise overlordship of the Dominions in matters which are the conclusive test of nationhood. It is this attitude of mind, this conception of

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Imperial relationships, so naively expressed by Mr. Winston Churchill when he remarked that the title deeds of the British Empire are held in London, which Canadian nationalists regard with alarm and hostility.

Why do Canadian nationalists want the position of Canada in the British Commonwealth and in the world defined in terms of nationhood and equality? Why are they not content to leave this question in the present fog of uncertainty, which makes it possible for everybody to have his own theory as to what the relationship to Great Britain is? There are many reasons for their objections to the present makeshift arrangement. One—and in many respects, the chief—is their feeling that Canada has grown up and cannot longer postpone donning the habiliments of manhood without suffering moral deterioration. Canada is not a compact country occupied by a homogeneous people. It is a huge sprawling mass of country with diverse economic interests, and all Europe is represented in its population. There is need for a common denominator for all the divergencies of race and for all the conflicts of sectional interests; Canadian nationalists see in a robust sense of nationality the only attainable bond of this character. We shall need all the help that the symbols and trappings of nationality can give to turn our non-British citizens into Canadians. How can we expect them to forego their adherence to the customs and loyalties which they brought with them when we have no nationality to give them in exchange for that which they have left behind? They cannot be turned into British Imperialists; they must either become Canadians or remain undigested elements in the country. To have increasing masses without pride in the country, with no sense of nationality, no flag which they can call their own, no feeling of national kinship with their neighbours of different origin, is to enlarge possibilities of future trouble and danger. There have been in the past, and there will be in the future, recurrent agitations looking towards union with the United

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States. Such a movement might become highly dangerous if union should appear in the guise of opportunity to powerful financial and corporate interests, which is a development by no means beyond the range of possibility. Should this issue arise the resident of Canada, whatever his racial origin, who has been trained to a belittling conception of Canada, as a country unfit for a national destiny and unable to live a life of its own, will be powerfully tempted to exchange his doubtful status for full citizenship in a great nation. This prospective danger is very real to the Canadian nationalist who can see no permanent defence against the ever-increasing pull to the southward except the establishment of a Canadian nation which will give its citizens opportunities and satisfactions which they will prefer, when the temptation comes, to material advantages involving their loss.

Can such a nation find a place in the British family or will it be necessary to withdraw from this association to permit the development of our national instincts, free from the prohibitions, inhibitions and discouragements of our present situation? This is a question which is beginning to be considered in Canada. It is true that there has been no feeling in Canada in favour of a national existence apart from the other British nations, because it has been a matter of common belief that there is no necessary conflict between Canadian nationalism and membership in the British Commonwealth. It has been believed that there would be a rapid evolution in the scheme of Imperial relationships which would always make a place for expanding Canadian national feeling. But doubts are arising. Canadian nationalism is a wholly unorganised movement. It is a spirit, a feeling which is to be found everywhere, in varying degrees of strength. It has no political habitation; it is to be found in all our political parties though their leaders often regard its manifestations with disquietude. But there is beginning to appear an organised left wing of the nationalist movement, one of the signs

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of which is a nativist order which is beginning to take root and spread. This reflects a mood of exasperation with the present policy of drift, evasion and denial, which may develop into a definite advocacy of separation as the only possible means of securing for Canada the right to live her own life, dream her own dreams, pursue her own ambitions, establish her own standards, cultivate her own loyalties, and ensure the continuance for all time of Canada as a distinct country with her own culture and characteristics.

One hears, at this point, plaintive protests that everything that these absurd nationalists are demanding they have got already. Is not Canada a nation? Have not all the leading public men of Canada and Great Britain said so and should not this be sufficient? They ask for Canada's equality with Great Britain. Is not the statement that Canada is co-equal with all the other British nations to be found in various declarations? And again, have not the public men borne testimony to the fact? Canada is a member of the League of Nations and is occasionally allowed, on sufferance, to take part in international gatherings. Further, she is permitted to take part in formulating Great Britain's foreign policy by tendering advice—which, of course, need not be considered—contingent upon her accepting full responsibility for the resulting policy. Is not this sufficient recognition of Canada as an international person, if not as an actual sovereign Power?

The Canadian nationalist would like the Imperialists in Canada and Great Britain to know that he is weary of all this talk, which he regards as child's play and humbug. He knows that Canada is not a nation; that her claimed status of equality is one of actual subordination; that her Parliament is an inferior Parliament; that the advice of her Ministers on matters of Canadian importance can in theory and in fact be over-ridden by the advice of other Ministers not responsible to Canadian public opinion; that her laws are not finally reviewable, as is the case with every nation, by her own courts; that Canada is a member

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of the League of Nations under false pretences in view of the persistence in the claim that all the nations of the Empire must always act together in external matters ; and that the other nations of the world regard the British Dominions, and rightly so, as nothing but colonies in the absence of any attempt to regularise their supposed status by declarations having an international significance. He asks the question and will continue to ask it in a steadily rising voice : is there room for a Canadian nation within the Empire ? He still believes, with General Smuts, that new formulas can be found, removing the present anachronism and turning the Empire into a community of free nations, working together in harmonious co-operation. It might not be advisable for the Imperialists to discourage him in this belief by answering " No " to the question which he asks.*

II. THE RESULTS OF THE ELECTION

ON October 29 last the people of Canada expressed at the polls their dissatisfaction with the Liberal Administration of Mr. Mackenzie King ; but they did not affirm their faith in the policies of his chief opponent with sufficient emphasis to clear the beclouded political horizon. Taking the results as a whole, the Conservatives more than doubled their strength in Parliament by returning 116 members in place of 50 in 1921 ; the Liberals lost nearly twenty seats, their present strength being 101 as compared with 118 before dissolution ; and the Progressive party was almost swept out of existence by the reduction of its representation from 63 to 24. As there are now 245 members in the House, Mr. Meighen is 7 short of a bare majority. Each party secured almost the exact number of seats to which it was entitled by its total vote in the country. Out of a poll of 3,150,000, the Conservatives received 1,460,000 votes (a gain of 500,000 over 1921), the

*For a reference to this article, see page 229.

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Liberals 1,265,000 (a loss of 30,000), and the Progressives 280,000 (a loss of nearly 500,000). The new Parliament, however unsatisfactory in other respects, at least is accurately representative of political opinion.

The analysis of the results for the country as a whole, however, tells little of the real trend of feeling revealed by the election. It is necessary to see what happened in each of the five regions into which the country is naturally divided—the maritime provinces with 29 members, Quebec with 65, Ontario with 82, the prairie provinces with 54, and the Pacific coast with 15. In the 1921 election the vote was split only in Ontario and British Columbia ; Quebec was solidly, and the maritime provinces were almost solidly, Liberal, while the prairie provinces were almost unanimously Progressive. The present contest has done something to diminish, but also something to increase, this dangerous sectionalism. The solid Progressive West has disappeared ; both the old parties, and especially the Liberals, have gained substantially at Progressive expense. The maritime provinces, in fulfilment of the change indicated in recent provincial elections, have swung violently away from the Liberal party, the representation of which is reduced almost to zero. Ontario has also reaffirmed its faith in the Conservative party by reducing its Liberal constituencies from 22 to 12 and by almost wiping out its Progressive party. Indeed, the Government has lost the confidence of Ontario and the maritime provinces rather than of the country as a whole ; elsewhere it has either gained or held its own. Above all, Quebec remains little changed, *toujours fidèle à Laurier*. In spite of high Conservative hopes, only four seats, all in Montreal, were wrested from the Liberals. Though the huge Liberal majorities of 1921 were substantially cut down, not a single French-Canadian was elected as a Conservative in Quebec. Elsewhere in Canada, and especially in Ontario, the Conservatives did even better than their own optimists expected. Their hopes of securing a majority seemed to

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depend on their breaking the solid Quebec *bloc*. In fact they almost secured a majority from their gains in other provinces, but Quebec proved almost impregnable, so strong is still the force of war-time animosities, so vivid the memory of conscription forced upon an unwilling people by a Ministry of which Mr. Meighen was a leading member. Elsewhere one may take the result as a verdict on the tariff question, by far the principal issue of the election; but Quebec voted rather in fidelity to the past than in hope of the future. Against a Quebec still solid must be set a newly solidified Ontario, for only on the fringes of the province were any but Conservatives returned; all the important centres of population went strongly Conservative, often by record majorities. In Toronto and district the Conservatives polled 170,000 out of 230,000 votes.

A table of comparative results will serve to illustrate these remarks. The membership of the House has been increased by 10 since 1921.

	Conservative		Liberal		Progressive		Independent	
	1921	1925	1921	1925	1921	1925	1921	1925
Ontario	37	68	22	12	23	2	0	0
Quebec	0	4	65	60	0	0	0	1
Nova Scotia ..	0	11	16	3	0	0	0	0
New Brunswick ..	5	10	5	1	1	0	0	0
Prince Edward Is.	0	2	4	2	0	0	0	0
Manitoba	0	7	2	1	12	7	1	2
Saskatchewan ..	0	0	1	15	15	6	0	0
Alberta	0	3	0	4	10	9	2	0
British Columbia and Yukon ..	8	11	3	3	2	0	1	1
	50	116	118	101	63	24	4	4

When the personal aspect is considered, the rebuff to the Government is seen to have been still more emphatic than these figures imply. The Prime Minister himself and eight of his colleagues—half the Ministers who were standing for election—were beaten, including all the six Ministers who contested constituencies in Ontario. Old-

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timers like Mr. Graham, the popular Minister of Railways, and new recruits like Mr. Vincent Massey and Mr. Marler, met the same fate. Mr. Norris, a former Prime Minister of Manitoba, who had been promised a portfolio, also failed of election. There are but two consoling features for the Liberals: Mr. Patenaude's foray in their Quebec preserves proved a failure, and Mr. Patenaude himself was overwhelmed by an adverse majority of over two thousand votes; in the West also, under the vigorous leadership of Mr. Dunning, the Prime Minister of Saskatchewan, the Liberals routed the Progressives in the province in which the Progressive movement was born. Mr. Dunning, a refreshing personality, will be a strong Liberal reinforcement if he can be induced to enter the Federal House. Mr. Meighen managed to regain by a good majority his old seat of Portage la Prairie in Manitoba which he lost in 1921. Mr. Bourassa's return has already enriched the debates in the House by his provocative and independent reasoning; and Mr. Woodsworth, the vigorous and able representative of Labour, held his Winnipeg seat.

Though the most obvious result of the election has been the rout of the Progressives by the old parties, yet in the new House the 24 Progressive members are in fact more powerful than were their 63 predecessors in the old. Clearly and definitely they hold the balance of power, but their party discipline is weak, and their vote is likely to be split on many questions. The problem set to the leaders of all the parties is how to construct a Government capable of retaining a majority in a House of Commons so diversely composed. What has been done toward solving this problem is told below.

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III. CURRENT POLITICS

THE General Election instead of clarifying the political situation had only managed to aggravate its confusion and uncertainty; and Mr. Mackenzie King, who had avowed as the chief motive for his appeal to the electorate a desire to secure a clear majority and freedom for the pursuit of bold constructive policies, found his position seriously weakened and his Cabinet disastrously crippled by the defeat of nine Ministers. Three alternative courses were open to him. He could resign without meeting Parliament, leaving the task of forming a Ministry to Mr. Meighen, who, although not the possessor of a clear majority, had behind him the numerically strongest party; many influential Liberals favoured this course. Secondly, he could try to form a coalition with the Progressives, on the lines of the arrangement made by Mr. Bruce with the Country party in Australia, and create a new Ministry which would include representatives of both parties and be able to command a clear, if small, majority in the House of Commons; this plan failed to meet with any encouragement from the Progressive leaders. The third possibility was for the Government to remain in office and await the verdict of Parliament, upon which would be placed the responsibility either of ejecting it from office with the almost inevitable consequence of another election before midsummer, or of permitting the voluntary prolongation of the Ministry's life until fresh developments simplified the situation.

After prolonged deliberation the last course was chosen and the meeting of Parliament was provisionally fixed for December 10. But delays in the return of the writs from some mammoth western divisions made it impossible to constitute Parliament on that date, and its opening was postponed until January 7. Since, however, Mr. King had

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in a statement explanatory of his course given a public pledge to refrain from making appointments, and since, in default of the existence of a Speaker, the resignation of any member was impossible, there were serious obstacles to his acquisition of a seat in Parliament; for considerations of party strategy forbade him to make use of an opportunity afforded by the sudden death of a French-Canadian Liberal member. But the by-election which resulted in Bagot County attracted special attention, as it was responsible for an interesting change in the Conservatives' tactics and a new development in their policy. During the General Election the Conservative campaign in Quebec had been conducted in a separate compartment; Mr. Meighen had not made a single speech in the province, and Mr. Pate-naude, the local commander of the Conservative forces, had indulged in ominous reservations about his leadership. The Bagot division, however, offered good fighting ground, an excellent candidate was available, and his election would inevitably have driven the King Ministry to immediate resignation. Accordingly, for effective utilisation of this urgent opportunity a complete change in tactics was decreed, and it was decided that Mr. Meighen should make a series of speeches in the constituency. But before entering it he made, at a party gathering in Hamilton, Ontario, a public declaration of a new policy in relation to Canada's participation in foreign wars. He paid the penalty of inadequate reporting, and an unjust interpretation has been placed upon some of his observations: but their main tenor was to the effect that there was no possibility of a war in the near future; that, if war did come, Canada would do her duty as in the past; that upon its outbreak the Government would assume responsibility for a definite policy upon which it would stand or fall and would undertake all necessary preparations; but that before any troops were sent overseas the electorate would be given an opportunity of expressing its opinion upon this question through the formal constitutional procedure

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of a General Election. No mention was made of a North American war, and it can fairly be urged that the new policy does not involve an actual change in Imperial relations but a new method of dealing with the problems created by them.

The merits of this policy are still a subject of vigorous controversy, and only the effects of its enunciation will here be considered. It failed, even after Mr. Meighen had personally explained it in French to the electors of Bagot, to effect more than a small reduction in the Liberal majority; but Conservatives attribute this failure to the untimely publication a few days before the poll of Lord Jellicoe's *pronunciamento* in favour of a strong common navy for the Empire, supported by a generous contribution from Canada. This proved a very effective weapon to the Liberal campaigners. If the new gesture had resulted in the capture of the seat, Conservative murmurs of displeasure which had greeted it would soon have been stilled; but the failure of tactics which, in the eyes of many Conservatives, involved a complete reversal of the party's traditional policy brought down upon the Conservative leader a storm of bitter criticism. His new policy was publicly repudiated by several Conservative members and was strongly assailed by influential Conservative newspapers. Nor did the commendation of papers of a nationalist stripe like the *Manitoba Free Press* improve the popularity of the new policy in Conservative circles, and its immediate result has been to bring substantial reinforcements to the ranks of Mr. Meighen's critics among his own following. No overt movement for his deposition is yet visible; but unless he restores his prestige, as he may easily do, by the effectiveness of his Parliamentary activities, the Conservatives may decide not to face another election with a leader who apparently cannot win forgiveness from Quebec and has possibly reached the zenith of his strength in the English-speaking provinces. But there can be consolation for him in the knowledge that in the Liberal camp, for

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quite different reasons, even more vigorous criticism is directed against the leadership of Mr. Mackenzie King, and the prospects of his retirement in favour of Mr. Lapointe or Mr. Dunning of Saskatchewan are freely canvassed.

Before Parliament met both the old parties had engaged in preliminary negotiations with the Progressives for the enlistment of their support, but the chosen emissaries found the third party exceedingly coy about making any commitments. The character of the Liberal baits was revealed by the contents of the Speech from the Throne, which announced a scheme of rural credits and intimated the existence of other plans for the betterment of agricultural conditions; these incidentally have been enormously improved by two good crops sold at satisfactory prices. A concrete pledge was included to complete the half-finished railway to Hudson Bay, and, although no definite undertaking was given, the suggestion was made that further tariff reductions might be possible after the new Tariff Board had made a careful investigation of the workings of the fiscal system. There were also forecasts of a cut in taxation, of a reform in the election law, and of administrative economies through the consolidation of some departments. The Railway Commission is to be instructed to examine and report upon the thorny problems involved in the annual diversion of a large share of Canada's export traffic in grain to American ports; and for the study of this and other grievances of the maritime provinces a special Royal Commission will be appointed. The only reference to Imperial problems concerned the commercial treaty with the West Indies, which will be submitted to Parliament. With the terms of the Speech the Progressives were not completely satisfied, because there was no specific pledge about tariff reductions or the alternative vote on which they had set their heart; but negotiations with the Conservatives revealed the latter party to be even less pliable on these two points, although they were willing to go as far as the Liberals in policies of agricultural

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betterment and offered definite pledges to promote schemes of co-operative marketing.

Immediately after the delivery of the Speech from the Throne the issue was joined between the two major parties. Mr. Lapointe, who in the absence of Mr. King was leading the Government, sought by a formal resolution to secure the endorsement of the House for the course followed by the Ministry and to validate its authority as an Administration. But the propriety of his resolution was successfully challenged, and, when the Address in Reply to the Speech from the Throne came to be dealt with, Mr. Meighen launched a vigorous offensive by an amendment challenging the competence of the Ministry to address Parliament through the Governor-General on the various grounds that in the majority of the constituencies its candidates had been defeated, that nine Ministers had been rejected at the polls, that the Prime Minister, the recognised channel of communication between Parliament and the Executive, lacked a seat in the House, and that the continuance of the Ministry in office was a violation of the principles and practice of British constitutional procedure. The Government at once took up this challenge, and for five days without interruption as keen a debate proceeded as the Canadian Parliament has ever known. Both sides bent all their energies to win the goodwill of the Progressives, and in order to allay their apprehensions about the worry and expense of a second General Election, the Conservatives gave a definite pledge not to seek another dissolution as long as they were accorded the necessary support in the House of Commons. Except Mr. Robb, the Finance Minister, and Mr. Forke, the Progressive leader, all the prominent figures in the House took part in the debate, and Mr. Bourassa signalled his return to Parliament by a long and interesting speech in which he argued with his usual brilliance and vigour. In the debate the British lineage of the Canadian Parliament was abundantly proven, for the constitutional pundits

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ransacked the library of Parliament, and matched precedent with precedent from the days of Walpole onwards.

The Progressives found themselves in a desperate quandary. They were highly dubious about both the competence and the sincerity of the King Government, but they feared the consequences of putting into power a party pledged to higher tariffs. Their fears were increased when a Liberal protectionist from Quebec bluntly intimated that his vote would be available to help the Conservatives with a high tariff and free them from any restraints which the Progressives might seek to impose. At the party meeting which was held each day to discuss the problem before them, a sharp division of opinion existed, and at one stage a majority favoured the ejection of the Government. But a warning by the *Manitoba Free Press* that the passage of Mr. Meighen's amendment would establish the principle, possibly very inconvenient at some future date, that the party securing the largest parliamentary group at a General Election had *ipso facto* an immediate claim to office, turned the scale in favour of the Government. The Liberal speakers made light of Mr. King's absence, arguing that it was the result of a common accident of politics and would soon be remedied.

Rarely has the atmosphere of Ottawa been so charged with excitement as during this critical week, and until the vote was actually taken the outcome was quite uncertain. Every day the galleries were packed and on the night of the critical division hundreds who were refused admission to them waited patiently in the corridors to learn its result. Out of the 245 members of the Commons only the Speaker and a Conservative who was seriously ill did not vote. The Government, thanks to the help of 19 Progressives, the two Labourites and Mr. Bourassa, prevailed by the narrow margin of 123 to 120, a stubborn minority of 5 Progressives voting with the Opposition.

The result gave the Government a breathing space, and on the following day it was announced that the Ministry

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would resume its full functions, and that Mr. King would at once contest the Prince Albert division of Saskatchewan, where the resignation of the sitting member opens a very safe seat for him. But as soon as the Address had been moved and seconded the Conservatives returned to the attack with an amendment expressing regret that the Speech from the Throne

gives no indication of policy designed to enlarge the volume of employment in Canada and particularly to give to the producers of farm products, coal and other primary products the advantage they are, under present world conditions, entitled to enjoy in the markets of this country.

Upon the Address and this amendment the debate is proceeding at the time of writing. As support of the amendment would imply an endorsement of the principle of protection, the Progressives are likely to vote unanimously against it.

Meanwhile the King Government continues to exist, and its leaders are working for a permanent accommodation with the Progressives, on the basis that the latter should be given a regular voice in the shaping of the legislative programme. The problem of filling the gaps in the Cabinet has yet to be solved, but the early migration of Mr. Dunning to Ottawa is expected. There may, if the Address is safely adopted, be a prolonged adjournment of Parliament in order to facilitate the reorganisation of the Cabinet and the holding of the necessary by-elections. Even if the Government secures the goodwill of every non-Conservative member, it is bound to live dangerously, and several important papers, headed by the *Toronto Globe*, are insistent that an early General Election is the only solution of the present *impasse*. And until it is ended no serious consideration can be hoped for such problems as Canada's attitude to the Locarno Treaties or the need for another Imperial Conference.

Canada. January 20, 1926.

AUSTRALIA : THE FEDERAL ELECTION

IN the last number of *THE ROUND TABLE** reference was made to the decision of the Federal Government that Parliament should be dissolved some months before it had completed its normal term of three years. The elections were held on November 14, and resulted in an unquestionable victory for the Government. It secured majorities in all the six States. A number of seats were gained and none were lost. In certain industrial centres, which had hitherto been regarded as impregnable strongholds of Labour, the minorities in its favour were exceptionally large; in other constituencies which had been held with difficulty by the Nationalist or Country party, majorities were greatly increased. Labour retained the greater number of its pledged adherents, and they constitute a large proportion of the voting strength of the Commonwealth, but the unpledged vote on which almost every Australian election turns went unmistakably in favour of the Government, the final result being that in the House of Representatives the Nationalists have 38 supporters, the Country party who support the Government, 14, and Labour 23.

* *THE ROUND TABLE*, No. 61, December 1925, p. 165.

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I. THE CAMPAIGN AND ITS ISSUES

THE election campaign though very short aroused unprecedented interest, and it may be useful to describe the conditions under which it was fought. The reason given by Mr. Bruce for the early dissolution of Parliament and for his claim to support was the failure of several of the State Governments to suppress the growth of Communism as manifested in a series of strikes, or to associate themselves with him in suppressing it, and the consequent need for conferring new powers for that purpose on the Federal Government. For some time prior to the dissolution the Labour party had been in power in five out of the six States, the exception being Victoria. Mr. Bruce, therefore, was in an unusual position as the leader of the party in office, since on the main issue of the election he could concentrate his attack on the failures of his opponents rather than defend his own acts. The chief responsibility for the control of the police and for the enforcement of the law is with the State Governments. The Government of New South Wales had refused to allow its police to act on behalf of the Federal Government and serve notices on persons who were required to show cause why they should not be deported under the provisions of the Act passed in the month of July, and briefly referred to in the last number of *THE ROUND TABLE*.^{*} That Act was passed after a number of strikes which had disorganised shipping on the Australian coast, and which were generally ascribed to the instigation of two leaders of the Australian Seamen's Union. It provided that if the Governor-General should be of opinion

that there exists in Australia a serious industrial disturbance prejudicing or threatening the peace, order or good government of the

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Commonwealth, he may make a proclamation to this effect, which proclamation shall be and remain in force until it is revoked by the Governor-General.

It also provided that when any such proclamation is in force the Minister administering the Act, if he is satisfied

that any person not born in Australia has been concerned in Australia in acts directed towards hindering or obstructing to the prejudice of the public, the transport of goods or the conveyance of passengers in relation to trade or commerce with other countries or among the States . . . and that the presence of that person will be injurious to the peace, order and good government of the Commonwealth in relation to matters with respect to which the Parliament has power to make laws, may summon the person to appear before a Board to show cause why he should not be deported from the Commonwealth.

The necessary proclamation was published shortly after the commencement of the strike of seamen in British ships in Australian ports against the reduction of their wages, which had been agreed upon in England, and summonses were prepared for Messrs. Walsh and Johnson, the two leaders of the seamen already referred to. It was these summonses which the Premier of New South Wales refused to allow his police to serve. Mr. Bruce was able, in spite of strenuous resistance from the Labour members of the Federal Parliament, to pass an Act authorising him to enrol Commonwealth police. The summonses were served, and the enquiry was held. But the refusal of a State to assist in carrying out a Commonwealth law was one of the reasons put forward for the demand for additional powers and for the charge that the New South Wales Government had shown sympathy with Communists.

There were, however, other grounds for the same charge which were urged before and after the dissolution. It was said that Mr. Lang, the State Premier, should have used his influence as a Labour leader to persuade the strikers to return to work, and that although no Communist was a member of his Ministry or even a member of Parliament,

^{*} *THE ROUND TABLE*, No. 61, December 1925, p. 163.

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some Communist leaders occupied important positions in the trade unions and were able to exert a considerable influence on the Government. In Queensland, where Labour had been in power for a longer period than in any other State, there was convincing evidence of the incapacity of the Government to control the Labour unions even in the State services. There was no disorder on the waterfront in that State until towards the close of the election campaign, but there had been a strike in the railway service which had disorganised traffic throughout the State until the Government had capitulated. And, both before and after the election, ships were held up in the Queensland ports. In Western Australia, however, there had been attacks on ships lying at the wharf at Fremantle, where many were held up, and the Premier had refused to strengthen an inadequate police force on the ground that no one had suffered actual violence. Ships laden with timber for South Africa had also been held up at Bunbury, and it was said that their crews had been intimidated. In South Australia there had been no actual violence, though it is said that at Adelaide crews which had not wished to join in the strike were intimidated. In Tasmania there were no British vessels, and the only complaint that could be made against the Government was that the Premier had expressed his sympathy with a proposed attempt to test the deportation law on behalf of the States. In Victoria, the only non-Labour State, vessels had been held up as elsewhere, but there had been no violence, and the Premier, besides offering to guarantee protection to union seamen who might fill the places of the strikers, had refused to join with his fellow Premiers in testing the Federal law.

In so far as Mr. Bruce's case rested on the conduct of the maritime strike it was strengthened by the continuance of the strike until the end of his electoral campaign. In New South Wales the strike was never welcomed by the unions other than the seamen's, yet it received intermittent

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help from time to time which made ultimate success appear possible. Some unions gave financial help. The Waterside Workers, although they refused full co-operation, decided not to load vessels worked by other than their 'original crews, and towards the end of the strike the Australian Seamen's Union refused to take colliers to the ships' sides. But in Sydney, although it was suggested that producers might come in and insist on vessels being loaded, as they had in 1917, there was very little violence. Although most of the British ships worked by white crews were held up, cargo was carried in vessels of the Commonwealth line, in ships worked by coloured crews and in foreign vessels. It was a paradoxical result of the protest against a reduction in wages that lines whose rates were far below those of the British ships should benefit, but the fact was that a large proportion of the cargo available was sent away and, for the time being, no great hardship was suffered by producers.

In Queensland the position was different. In the northern ports of that State there was for a time some danger of a conflict between the producers and the strikers because of a well-grounded fear of the producers of meat and sugar that owing to the strike their produce, if not lost altogether, would seriously deteriorate. The difficulties caused by the Seamen's strike had been accentuated in these northern ports by a demand from the wharf labourers that what was called the rotary system should be enforced and the work of loading be equally distributed among all the labourers available irrespective of merit. It was found that under this system the cost of loading was approximately doubled. The owners, therefore, refused to accept it, and the Queensland Arbitration Court declared the consequent refusal of the wharf labourers to work to be a strike. The immediate cause of the crisis, however, was the inability of a ship lying off Gladstone, the port of a large beef producing district, to obtain sufficient coal for her refrigerating chambers. The farmers, fearing the loss of the cargo, came to Gladstone and threatened to see

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themselves that sufficient coal was put on board, and no doubt would have carried out their threat had not the strikers offered a satisfactory compromise. In Bowen, the port of a sugar district, the neighbouring farmers demanded that their sugar should be loaded, and the vessel to take the sugar be supplied with coal, and although a strike was threatened by the railway workers and there was much backing and filling by the State Government, they were ultimately successful.

Besides these events in the north, there was a serious outbreak at Brisbane, where a number of British strikers made an attack on a vessel in order to prevent her sailing, and where firearms were used for the first time during the strike. This attack occurred on November 7, so that in Queensland the attention of the electors was directed to the ineffectiveness of the Labour Government up to the date of the election. Since the end of the railway strike the State Premier had resigned, having been appointed to the position of lay judge of the Industrial Court created by his Government. His successor had shown a disposition to exercise control over the Government service and to maintain the law, but he had not restored confidence in the ability of his Administration to deal with strikes, and the impression was general that their produce would have been allowed to perish had not the farmers come together to protect themselves.

Western Australia, too, had suffered from the strike, and had been the scene of more than one outbreak of violence. Some little time after the attacks already mentioned at the wharf at Fremantle, an announcement was made on behalf of the owners that their ships would not call at that port on the voyage to or from Europe or Africa. Fremantle is the first port of call for a great many vessels trading with Australia, and the announcement meant a serious loss of work for the wharf labourers and of trade for the townspeople of Fremantle and Perth. Shortly after this announcement the police force was strengthened,

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and the strikers having been encouraged by their previous impunity, a riot broke out on November 7, in which many of the participants, both strikers and police, suffered serious injury. Shortly after this the strike in Fremantle was declared at an end, and it was said that in other ports it was continued only because of the hope that a victorious Labour party would be able to secure favourable terms of settlement from the British owners. Whether this is so or not, the continuance of the strike, the occasional outbreaks of violence and the danger to the producers that their exports would suffer, enabled Ministerial candidates to keep the public attention concentrated on what they desired to make the outstanding feature of the elections, the presence in Australia of a number of men determined to attain their ends by violence, the impotence of Labour Governments to control them, and their unwillingness to denounce them.

Mr. Bruce never very clearly defined the new powers for which he would ask if successful at the polls. He did say that he would pass a Federal Crimes Act and would if necessary enrol a Federal police force to carry it into effect. He also announced that he would introduce a Bill declaring strikes illegal unless preceded by a secret ballot among the unions concerned, together with measures of social reform intended to remove legitimate sources of discontent. But the substance of his speeches on this issue was a claim that the influence of Moscow in Australia, as shown by a series of strikes, was increasing, however few its professed adherents might be, and he appealed for a vote in favour of the maintenance of industrial peace and the enforcement of the law. His Government, however, could point to work done and to a programme for the future on which it could have asked for support if the strike issue had never arisen. The record of the Administration included substantial reductions in land and income taxation, and in the Commonwealth debt, the establishment of a higher tariff and the expenditure of

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large sums both out of loan money and out of revenue on rural development. Following recent American precedent the Government had devoted part of its annual surplus to the improvement of country roads, and had spent 18 millions of loan money on the extension of postal, telegraphic, and telephone services, and on other reproductive works. It had also sought to establish a better system of marketing butter, fruit and other primary products, and had set up a department of the Commonwealth Bank for the benefit of farmers. Dr. Page, as Treasurer and associate Prime Minister, had paid off 22 millions of unproductive war debt, and established a sinking fund in connection with Commonwealth loans, besides bringing the States together in the Loan Council, from which New South Wales under its Labour Government had seceded. This record contained nothing sensational and nothing, with the possible exception of the tariff, calculated to attract any one or more groups of votes, but it was a record which justified the temporary alliance of the country and the Nationalist parties for the life of the Parliament, and had induced them to pledge themselves to a loose form of co-operation during the elections before both made common cause in support of Mr. Bruce's appeal on the strike. The Government claimed to have done much for the cities by its tariff and much for the country by improving means of communication, to have established a sound and economical defence policy, and to have taken practical steps to maintain a place for Australia in the councils of the Empire.

The programme for the next Parliament is extremely ambitious. Mr. Bruce in his policy speech announced an elaborate social policy including schemes of child endowment, of national insurance and of advances to be made through the Commonwealth Bank to enable manual workers and persons of small means to acquire their own homes. He proposed to continue and increase the subsidies for the improvement of country roads and for the

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development of markets for exports, to spend £100,000 on scientific research and a further sum on an enquiry into the best means of increasing agricultural and pastoral production. Mr. Bruce also announced that Parliament would be called upon to consider the revision of the Constitution, which is now long overdue. Mr. Hughes in his last policy speech had proposed to summon a convention for this purpose. Mr. Bruce maintained that the idea of a convention was impracticable, and that Parliament would be asked to pass Bills to be submitted to the people at a referendum. Recently the two States of Tasmania and Western Australia have complained that they have suffered financially through the Federation. The claims of each of them and also proposals for the formation of new States will be considered at this special constitutional session of the new Parliament. The defence policy of the Government had been initiated in the last Parliament when orders had been given for the building of two 10,000 ton cruisers, and the announcement had been made that a seaplane carrier, a floating dock, and an oil depot in the Northern Territory would also be built. In his policy speech Mr. Bruce also formulated a programme of defence on land and in the air which will include the establishment of factories with nucleus staffs and the co-operation of manufacturing industries. The policy of the Government was summed up in the declaration that

no party should be intrusted with the executive power of government which is not prepared to subscribe to the fullest possible measure of defence, and to declare in detail and without any equivocation what its proposals are on this most vital issue.

Mr. Bruce also laid emphasis in all his important speeches on the position of Australia in the Empire. "It is impossible to imagine Australia outside the Empire. We declare for the British Empire with all the privileges and responsibilities that it involves, but within the Empire we demand freedom, independence and the fullest consulta-

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tion." These extracts from his policy speech were repeated in all important centres by Mr. Bruce and by his colleagues. Throughout his very extensive electioneering tour he appealed to his countrymen to realise the lofty destiny which Australia might attain within the Empire, if Communist influences were suppressed and Parliament could give its attention to the task of eliminating industrial discontent and developing the resources of the country.

The answer of the Labour party to Mr. Bruce's main charge was a declaration that there was no serious danger of Communism in Australia, and a denial that Labour had any association with the avowed Communists who supported it. It was also claimed by some candidates, including the former Premier of Queensland, Mr. Theodore, that the settlement of strikes could with a greater probability of success be left to the Labour party than to Mr. Bruce. Mr. Charlton also undertook that if he became Prime Minister he would repeal the deportation provisions of the Immigration Act, but as a rule the Labour candidates preferred to divert attention from the subject of Communism and direct it to specific details of the Government record. Indeed very little was heard of the low wages of British seamen, a topic usually calculated to evoke expressions of sympathy, nor was any great effort made to exploit the fairly widespread dislike of deportation as a form of punishment, or of the method of investigation set up under the new Act. The Opposition quite naturally sought to exercise the right of an Opposition at a normal general election to criticise the record and programme of the Government. The two charges most often directed against Mr. Bruce in the cities were that he had not caused the two cruisers ordered in Great Britain to be built in Australia, and that he had not sufficiently protected Australian industry. In the country it was said that Labour would develop the Rural Credits Department of the Commonwealth Bank in the interests of farmers, would establish a more satisfactory method of marketing overseas,

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and would abolish that much abused person the middleman. Mr. Charlton, the leader of the Federal Opposition, propounded a defence policy which included the abolition of compulsory military training and the substitution of seaplanes and submarines for the cruisers as a protection against invasion. In the country districts Labour candidates sought to warn the farmers and settlers against Nationalists, by playing on the hostility of the country for the town, which had brought about the formation of the Country party. In the last Parliament this party had numbered 14, and although it had supported the Government in which its leader, Dr. Earle Page, had held the Treasury portfolio (as equal with Mr. Bruce) it had maintained its separate organisation. During the election Labour warned the country electors that a bogey had been raised for the purpose of absorbing their representatives among the Nationalists. Whatever success these tactics might have had in normal times, they could have none so long as the farmers were threatened with the loss or deterioration of their exports. The numbers of the Country party will be the same in the new Parliament as they were in the old, and Nationalist majorities in the country in doubtful seats were increased. Unexpected prominence was given to a proposal that Mr. Spahlinger should be brought to Australia to carry out his cure for tuberculosis in this country. Sir Neville Howse, the Minister for Defence, after enquiries made in Switzerland while a delegate to the League of Nations, had declared any such scheme premature and impracticable, but Mr. Charlton without specifying the means undertook that it could be carried out. Another change somewhat vaguely formulated was that the Bruce-Page Government did not represent a truly Australian spirit. The charge was somewhat difficult to analyse, for both Mr. Bruce and Dr. Page were born and have their interests in this country. But the warning was uttered in many articles and on many platforms that Mr. Bruce would place Australia at the

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mercy of an Empire Council, and that the only safe custodians of the national spirit were the members of the Labour party.

II. THE RESULTS ANALYSED

THE aggregate vote for Australia was approximately 2,798,634, of which 1,535,795 were for the Government, and 1,262,839 for the Opposition. The Government, therefore, have a decided majority, but not so great as the distribution of seats in the House of Representatives would suggest. The aggregate Labour vote is a clear indication that a great number of electors did not accept the issue as one of Communism or revolution against orderly government and the supremacy of Parliament. Property is so widely held in Australia that the number who would vote for Communism or revolution on a referendum would be ludicrously small, and the conditions of life in Australia make it an exceedingly unpromising soil for propaganda in favour of either of these objects. Great advantages have been obtained for manual labourers through legislation, and as already mentioned, Labour Governments are at present in power in five out of the six States. In the Labour party politics is the career open to talent. Savings Bank deposits have steadily increased until at the end of 1924 their total number is 3,798,662, or considerably more than one for every two men, women and children of the population. The average value of the accounts was £46 11s., the total amount deposited being £176,871,477. A similar inference can be drawn from the statistics of life assurance and friendly societies. At the end of 1923 there were 1,940,000 life or industrial policies in force, or about one policy for every three persons, the average amount of an ordinary life policy being £270, and of an industrial policy £35. Adequate statistics of the ownership of homes are not easy to find, but it appears from the census of 1921 that in that year there were 1,107,000 private

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dwellings in Australia, of which approximately 56 per cent. were occupied by owners or prospective owners. The Commonwealth loans raised in Australia are widely distributed, and among the largest investors are the insurance companies which hold or guarantee the savings of their very numerous policy holders. From these figures it will be seen that the bias in favour of private property and of parliamentary government in Australia is likely to be very strong. But the term Communist is used in public controversy as loosely as the term Bolshevik. It was strictly applicable to and was accepted by a few trade union officials who, though they were disowned by the Labour party, claimed to exercise a great influence over it. It was used also to describe the Australian leaders of the seamen who from their conduct in a series of strikes had appeared to aim at making the regular transport of goods by Australian or British ships impossible. Political Labour had never identified itself with the strikers, but had never openly denounced them, and there had been continuous strikes on the water-front throughout 1925, and the latter part of 1924 to the detriment of other unions than the seamen's, and of many sections of the producers. It seems clear from the election figures that Labour was identified in the minds of many electors with these strikes, that the Ministerialists were supported as the party which was opposed to strikes and would strive to repress them, that Labour failed because it was thought to have acquiesced in, if it had not actually favoured them. Another circumstance which favoured Nationalism was the conduct of the Lang Government in New South Wales, which had gone to the country on a policy of moderation and in office had proved to be among the least moderate of Labour Ministries. For this reason, amongst others, many of the electors in New South Wales who had voted Labour at the State elections refused to regard the Labour denunciation of Communism as a trustworthy indication of the policy of the movement. All the State electors were strengthened in this attitude

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by the selection as a candidate for the Senate of a confessedly unrepentant revolutionist. Again, the Roman Catholic vote, which in New South Wales not many months before had been cast almost unanimously in favour of Labour, and was said to have decided the State elections in New South Wales, was at the Federal elections about evenly divided. The Government was free from the embarrassment of sectarian questions, and the Church as a whole was against Communism. Generally it was thought that Labour when faced with a crisis had failed either through lack of courage or because the nature of its following had made decisive action impossible.

The outstanding figure of the campaign was unquestionably Mr. Bruce. His energy was prodigious. In the short election campaign he visited every State of Australia, Western Australia excepted, and spoke in many districts in which the head of the Government had never before been heard. From being one of the least known of Australian Prime Ministers, he became as well known as any of his predecessors. Throughout he kept all controversy on a high level, refusing to descend to personalities, and showing everywhere a grasp of the problems of the country and a high ideal of its destiny. Much was expected of Mr. Theodore, who had retired from the Premiership of Queensland in order to enter Federal politics. But he found his time fully occupied in a widely scattered constituency, and was ultimately defeated. He will be heard of again, for he is generally regarded as one of the ablest of the Labour leaders, and had he been a member of the present Parliament would probably have ultimately succeeded Mr. Charlton.

The election was remarkable for the interest taken in it by young men who outside the Labour movement had previously been inclined to neglect politics. Impressed with the danger of disorder, both from the prevalence of strikes and from the obligation thrust upon the farmers of protecting their own interests where Government had

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failed, they formed Constitutional Associations in many of the States. In this election they did useful work for the Ministerialists, and it is hoped that in the future they will remove the reproach of indifference often directed against the Australian youth. Another novel feature of the election was compulsory voting, which had been made part of the electoral law on the motion of a private member during the last Parliament. The percentage of votes polled to voters on the roll was over 90 per cent., which is far higher than is usual at Australian elections, and would have been still higher had the electoral roll been up to date. But the expediency of compulsion is doubtful. Though the number of informal voters does not appear to have been higher than at an average election, many came to the poll who were ignorant of politics or indifferent, and it is probable that apart from any compulsion the numbers voting would have been exceptionally high, owing to the universal interest taken in the campaign. The result of the Senate elections has furnished another proof of the absurdity of the method of counting the votes now in use for that Chamber. There were twenty-two vacancies to be filled in a House of thirty-six, four having been caused by death or resignation during the last Parliament. Approximately four votes out of every nine were cast for Labour, yet every one of the vacancies was filled by a Ministerialist. The method of counting is extremely complicated, and may be described as the antithesis of the proportional system. Each State votes as one constituency. The names of candidates are ranged as far as possible in party lists, and the electors must put a number against the name of every candidate indicating the order of preference. At the last Federal election when the present method of counting was in use, men of exceptional prominence were elected in certain of the States, although their party as a whole was not successful. But this can happen only when there is a large amount of cross voting and candidates are supported on personal

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grounds. When feeling runs high, as it did this year, there is little cross voting, and the party which polls the majority of votes is almost certain to fill all the vacancies from its ranks. It is for some reasons satisfactory that the Government for the time being should have a majority in both Houses. A hostile Senate, though it could not unseat a Government, could make legislation impossible, and ultimately force a double dissolution; but it is unsatisfactory that Labour should be represented only by the Senators who were elected three years ago, or that the Bruce-Page party should, unless it suffers from death or resignations, be able to count on at least half the Chamber for the next six years. The new Parliament should be an exceptionally busy one. Mr. Bruce has a mandate for the preservation of order and the maintenance of industrial peace, and within the somewhat limited powers of the Constitution must look for a means of carrying it into effect. He has pledged himself to a programme of development and of social reform, which is likely to bring some of the contentious questions of the States before the Commonwealth Parliament and to a scheme of constitutional revision which will involve the passage of a number of equally contentious Bills to be submitted to the electors at a referendum.

In the House of Representatives the Nationalists now have a majority over any possible combination between their present allies, the Country party, and Labour. It has been suggested that as the Nationalists have increased in numbers and the Country party remains at its former strength, the Nationalists should have representation in the Cabinet more nearly in proportion to their voting power; but it is improbable that any change will be made. Co-operation between the two parties was at the last election of great value to both. It is quite possible that in many electorates where there were only Nationalist and Labour candidates, farmers would not have voted for the Government had they not been assured that the Country

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party would retain an independent existence. Labour candidates, at any rate, appeared to hold this belief, for they did their utmost to prove that the strike issues had been raised for the express purpose of submerging the Country party. Again, it was an advantage to the Government that Country candidates could claim to have exercised an influence over its administration. Many concessions had been made to primary producers, and many were promised, which bore witness to the ability of the man on the land to obtain his reasonable demands without compelling his representatives to remain in isolation, as they have done in some of the State Parliaments. Some Country members have expressed decided views on the tariff, detailed consideration of which was held over from the last Parliament; but they cannot look to Labour for any remission of duties, and it is not likely that there will be any secession from the Government on this ground. What effect this defeat will have on the policy or composition of the Labour party it is difficult to forecast. The election was a disappointment to long-cherished and confident hopes. Before the issues raised by the Seamen's strike had become prominent in Federal politics, the opinion was very widely held that Labour, after ten years of opposition, would be returned to power. The record of the Bruce-Page Ministry, though solid, was thought to be colourless. Its programme was not considered likely to contain anything sensational, and its leaders were rather respected than popular figures. Possibly those who held this belief attached too little importance to the absence of outstanding figures in the Opposition, an absence which was afterwards brought into relief by the conduct of the election campaign, and by the importance assigned to Mr. Theodore's contemplated appearance in the Federal Parliament. Even after the dissolution had been precipitated and the campaign was near its end, confidence was expressed that the election would bring, if not absolute victory, a substantial increase in strength to the Labour

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party. The immediate outcome of defeat was an expression by several of the Labour leaders in New South Wales and Queensland of their determination to rid the party of its "red" elements. It seemed to be acknowledged that the Australian people had demonstrated that they would always decide in favour of constitutional methods and industrial peace once the issues were put to and accepted by them. But the expulsion contemplated will not be effected without opposition, if at all. The State Labour Governments vary in their shades of opinion, but the industrial element, including unions of which the officials hold extreme views, is in the two States already mentioned influential in the councils of the party, and controls more than one electorate. The political leaders, therefore, have to consider whether they will take a step which may destroy the unity of the movement, or continue to bear the reproach of association with extremists, and it seems likely that as the first shock of defeat loses its vividness the tendency to compromise will become stronger.

Two questions, therefore, will come up for decision during the early days of the new Parliament, both of importance. How will Mr. Bruce carry out his intention of securing industrial peace by the methods advocated in general terms throughout his electoral campaign, the enforcement of the law and the punishment of those who ignore the established means of settling their claims on the one hand, and the removal of sources of discontent by schemes of social amelioration on the other? What means will the Labour party take to apply the teachings of adversity and escape similar disaster in the future?

Postscript

POSTSCRIPT

SHORTLY after polling day it was announced that the Board before which the two leaders of the seamen had been called upon to show cause why they should not be deported had made recommendations adverse to both of them. Messrs. Walsh and Johnson were, therefore, taken in custody by the Commonwealth officers to await deportation. A writ of *habeas corpus* was then applied for on their behalf, and the application came on for hearing before the High Court. In the course of an exhaustive argument the powers of the Commonwealth, the deportation provisions of the Immigration Act already referred to, and the method of investigation adopted by the Board were discussed, with the result that the Court unanimously came to the conclusion that both prisoners should be released. The Court consisted of five judges, and they were by no means unanimous as to the reasons for their decision. The majority, however, are of opinion that under the power given it by the Constitution "to make laws for the peace, order and good government of the Commonwealth with respect to immigration," the Federal Parliament cannot treat as an immigrant a man who had come into Australia before Federation, and the balance of the judicial opinions seems to be that it cannot so treat a man who has settled in Australia and acquired an Australian domicile. As Walsh arrived in Australia before 1900, and Johnson from Holland in 1910, and both have since made their homes in Australia, these conclusions operate in favour of both. Some of the judges also found defects in the general terms of the section under which the summonses were issued, and with the summonses themselves, and also in the powers which the section purported to confer on the Minister. Whether the Federal Parliament has power to provide for deportation on the

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decision of a Minister after enquiry by a specially appointed Board is not quite clear from a perusal of the five judgments, but apparently it is not suggested that the Federal Parliament cannot provide for deportation as a penalty to be inflicted after a trial before one of the ordinary courts for an offence with respect to any matter within the ambit of the powers of the Federal Parliament. One of the judges (J. Starke) quotes from an expression of opinion by Lord Haldane given when announcing the advice of the Privy Council (in the Sugar Company case) that none of the powers conferred by the Federal Constitution relate to that general control over the liberty of the subject which must be shown to be transferred, if it is to be regarded as vested in the Commonwealth. Presumably, however, this does not affect the power to control the liberty of the subject in relation to matters within the sphere of the Commonwealth. It must be added that the decision of the High Court in no way turned on the manner in which the enquiry had been conducted by the Board. The judgments agreed that the enquiry had been carried out impartially and with dignity under difficult conditions.

Australia. December 29, 1925.

SOUTH AFRICA

I. NATIVE POLICY

IT has been a stock article in the criticisms directed against the new South African Government by its political opponents that it has produced no striking departure from the policy of its predecessors in office, but has even, in some instances, carried on policies to which its component parties had, when in opposition, expressed determined hostility. No doubt there is truth in this criticism. It would be true in greater or less degree of any party coming into power after a long period of opposition. But there is this to be said on the other side, since General Hertzog's speech at Smithfield on November 13—that is that for the first time in South African history it has brought the Native Question in all its bearings into the open as a political issue. It is true that General Hertzog in his statement was careful to disclaim on behalf of his Government or his party any responsibility for his proposals. They were put forward, he said, as his own, for the purpose of public discussion, and to enable him to enter into consultation with the Opposition, so that purely party controversy may if possible be evaded on this fundamental question. But no disclaimers can alter the fact that the Prime Minister of South Africa has committed himself to a new and far reaching policy on the Native Question. It is difficult to see how his party can repudiate

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it and remain under his leadership. It is inconceivable that the issue, having now been formally raised, can again be relegated to that limbo of party programmes where matters are kept which can be glossed over with pious platitudes because they are intended by all parties to be kept well behind the actual battle grounds of the political campaign.

To understand the situation some facts and figures must be known. According to the last census (1921) the European population of the Union numbered 1,500,000 in round figures while the native peoples numbered 4,700,000. Estimates have been made of the probable relative positions of the two populations, say 50 years hence, based on these figures and an assumed rate of increase. But the information available as to the rate of increase among the natives is so meagre that these estimates may be dismissed as purely fanciful. Without any such highly coloured and sensational pictures the numerical inferiority of the European people on the actual figures, and the slow, almost imperceptible, additions to their numbers by immigration, are sufficiently disquieting to any one who looks to the future of the European people here.

Another reason for the increased public attention which has been given of late to native questions is the comparatively rapid spread among the natives of education and of political consciousness. In comparison with the great mass of the native peoples these things are no doubt confined to a few. But a little leaven of this kind quickly leavens a large lump, and there are many potent influences at work in this direction. Education, in the academic sense, is only in its rudimentary stage, but there is a Native College in existence which aspires to university rank as its students are able to avail themselves of such tuition. A few find their way to America or England and come back to spread through the native Press, or as leaders of one or other of the semi-political native organisations, or of the almost innumerable native religious sects, the new ideas with which

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they have come in contact. Others come under the influence of Communist orators urging them to join in the overthrow of existing society and in setting up the dictatorship of the proletariat. But as regards the great mass of them, whom civilisation in these forms has not yet reached, the most powerful educative influence is the part which they take in our industrial life. They come from their reserves under the stress of economic pressure to work on the mines, in the shops, the factories, and the houses of the white man. Some of them do not return, but become a permanent part of the urban population. Those who do return carry with them one or more of the many cultures with which our civilisation inoculates the blood and soul of the barbarian. All these processes have been going on for some time, and, as their result, the white man sees the native coming nearer to his position, and claiming to exercise functions which he had regarded as reserved exclusively for him.

Another aspect of the question which must not be forgotten is the different outlook which exists as regards the native and coloured man in the Cape Province as contrasted with the other provinces of the Union. When the Cape Colony received parliamentary institutions no distinction of colour was allowed in the franchise qualifications. There any man who earns at least £50 per annum or occupies a dwelling of a capital value of £75 is entitled to come on to the voters' roll if he can write the few words necessary to apply for registration. In Natal a native was in theory entitled to be registered if he possessed the qualifications required of the white man, and, after fulfilling other complicated conditions, obtained the permission of the Governor. In practice he did not receive that permission. In the two republics of the Transvaal and Orange Free State the native and the coloured man were excluded from all political rights. The Grondwet or Constitution of the South African Republic (now the Transvaal) laid it down in express and unequivocal terms that there was to be no equality as between white and coloured, either in Church

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or State, and the right to vote has always been regarded as the most important symbol of equality. Therefore when, in 1907, responsible government was conferred on the two former republics as the Transvaal and Orange River Colonies, the franchise was in terms restricted to white men.

When the four colonies came together to draw up a Union constitution it was recognised from the beginning that any attempt to bring into line the various franchise qualifications, and have one qualification for the Union, would wreck the whole project of Union. The National Convention therefore left the franchise qualifications in each province exactly as it found them. But so apprehensive were the Cape representatives that the colour line which, in law or in fact, existed in the three other provinces would be in time forced upon the Cape, that they secured the inclusion in the Act of Union of provisions that no amendment of the Act disqualifying on grounds of race or colour any one who at the date of Union would have been entitled to be registered as a voter in the Cape should be valid unless it was passed by both Houses of Parliament sitting together, and by a majority of not less than two-thirds of the total number of members of both Houses.

That is where the matter now stands in regard to the franchise qualifications of the native and coloured man. It is true, no doubt, that the fifteen years that have elapsed since Union have brought about a somewhat more liberal outlook in the northern provinces on the question of the rights and status of the native and coloured peoples. But there is still an intensely strong feeling, strongest among the Dutch-speaking people, the burghers of the old republics and their descendants, but by no means confined to them, against any extension of the franchise which would allow the native or coloured man to vote for a representative in Parliament. The influence exercised by the native and coloured voter in the Cape has, however, by no means been confined to that province. The total number of these

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voters on the roll is 36,853* as compared with a total of 156,884 European voters in that province. But though the actual numbers are not great there are ten or twelve constituencies in which the native and coloured vote, if solid, would probably be the deciding factor as between the rival parties at an election. No party, therefore, can afford to alienate that element, and any Government, in considering measures affecting the native peoples anywhere in the Union, has to take into account the repercussions which its action may have in the constituencies of the Cape. It must be remembered, also, that though the total number of these voters actually on the roll is at present comparatively small, the qualification is, for present day conditions, very low, and it is reasonable to suppose that the spread of education and the rise in wages and in the value of house property will enable an increasing number of natives and coloured men to qualify for the vote.

Such is in rough outline the situation upon which the proposals for a new Native policy have been launched by General Hertzog. They fall under two main heads—industrial and political. For some time before the last General Election he had advocated a policy of segregation as providing the only solution of the many problems arising from the contact of white and black in South Africa. This was adopted by the party, and was undoubtedly a very important element in the success which he achieved at the polls. The word segregation conveyed to the ordinary voter an idea which seemed to promise a relief from many anxieties which had been troubling him. The overwhelming numbers of the native, his competition in the unskilled and semi-skilled occupations, and his rise in civilisation and in education, all combined to make the European apprehensive as to his future and the future of his children. Here then was a policy which, if one did not inquire too minutely into detail, seemed to be just what was

* i.e., 20,826 Coloured, 2,038 Indian, 13,989 Native.

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wanted. General Hertzog's policy of segregation, as expounded in general terms, was that areas should be set apart as native areas in which the native should live and "develop along his own lines." He would have in these areas a gradually increasing amount of responsibility for the administration of his local affairs, and he would be subject to no restriction as to what occupation he might follow. If, however, he chose to come out to work in European areas, he would be prohibited from acquiring land, and would be subject to restrictions in regard to industrial occupations intended to debar him from competing with the white man in skilled and semi-skilled work.

There is already on the statute book legislation designed to bring about a certain measure of territorial separation between the native and the European. In 1913 an Act was passed providing that certain areas might be demarcated as native areas, within which only natives should be allowed to acquire land, and that outside these areas natives should not be allowed to acquire land. Since the passing of the Act commissions have been set up from time to time to advise as to what areas, outside the recognised reserves, should be demarcated as native areas, but their work has been largely ineffective, owing to the opposition of the European population to the setting aside as native areas of any land which offered prospects of being successfully developed by Europeans. Since General Hertzog came into office his statements about segregation would seem to mean that he contemplates simply proceeding to carry into effect the Act of 1913. If that is so it is difficult to see how his "segregation" policy can, in practice, provide areas in which the native population of the Union can live and "develop along its own lines," or which will offer to the native an effective choice between remaining in his own areas and coming out to work as an unskilled labourer for the European, subject to the repressive laws which will prevent him from rising above that status.

So much for the territorial and industrial side of the

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policy. Politically it involves the exclusion of the native from the parliamentary and every other franchise throughout the Union. Whether native voters who are at present on the roll in the Cape Province are to be removed, or whether the exclusion is to apply only to new applicants is not clear. As compensation for this, natives throughout the Union are to be allowed to elect seven members to the Union House of Assembly—one in the Orange Free State and two in each of the other provinces. These seven, who are to be Europeans, are to have exactly the same rights and privileges as other members of the House, except that they will not be allowed to take part in any discussion on the question of native representation. The coloured man on the other hand—that is, the man of mixed race and the Cape Malays and those descended from that stock—will be treated, as regards political and other rights, on the same footing as Europeans.

So far General Hertzog has put forward these proposals not as those of his Government but as his own. One of his colleagues has expressed strong opposition to the enfranchisement of the coloured man in the northern provinces and to the natives being directly represented in Parliament. Another has said that the proposals are supported by the Cabinet. The Prime Minister, however, has said nothing to modify his original statement that the proposals express his personal views and are put forward as such for the purpose of consultation with the Opposition. His plan is to embody the proposals in the form of Bills which will be presented to Parliament this coming session, but will not be proceeded with till the session of 1927. To the suggestion of consultation with the Opposition General Smuts has replied that he appreciates the desire on the part of the Prime Minister to prevent this question becoming a matter of party controversy, and is willing to agree to consultation, but that if the Opposition is to be formally consulted on these proposals they must come to it as the proposals of the Government, not as expressing

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merely the personal views of General Hertzog. He has further made the suggestion that the best method of dealing with these proposals outside party lines would be to constitute a body such as the National Convention which drew up the Act of Union, and let that body consider General Hertzog's proposals and any others which may be forthcoming, with a view to arriving, if possible, at a policy which will be national in the sense that it will belong to no one party. If such a policy could be agreed upon by a body so constituted it could then be laid before Parliament and, if it contained fundamental alterations of the existing system, it should be put before the people. We have as yet no indication as to whether this suggestion is likely to commend itself to the Government or not.

Whatever may be thought of these proposals—and they are open to criticism from more than one point of view—it cannot be denied that they mark an epoch in the history of the Native Question in South Africa. That the proposals in regard to parliamentary representation should have been put forward by the Prime Minister and leader of the Nationalist party, even though he disclaims all but a personal responsibility for them, is in itself enough to indicate how far public opinion here has travelled since Union. If he has done nothing else General Hertzog has made it impossible for the party politicians to continue shirking this question or expressing their views in language carefully framed to pass muster with the extremes of both sections of opinion. That in itself required a high degree of courage and sincerity—qualities which are none too common in the South African politics of to-day.

The Cost of Living in South Africa

II. THE COST OF LIVING IN SOUTH AFRICA

IN the South African article last September* an outline was given of the Wages Act passed during the 1925 session, and of the terms of reference of the Economic and Wage Commission which was then taking evidence, preparatory to the commencement of operations by the Wages Board to be appointed under the Act. The purpose of the Act was explained to be the maintenance of a "civilised wage" in those occupations in which Europeans are employed.

In order to assist the Commission in its investigations, and the new Wages Board in its task of fixing minimum rates of wages, a departmental committee was set up in July 1925 by the Minister of Labour to inquire into the cost of living in the Union. This committee reported in time for the Economic Commission to utilise its findings, and the report has now been issued as a blue book.†

The committee was instructed, *inter alia*, to ascertain the expenditure required in certain typical industrial areas to maintain a civilised standard of living for a "typical family of man, wife and three children" (a) on an average regimen, and (b) on a minimum regimen. Although the committee found that the actual average number of children in a family was 2.32, or 23 per cent. less than the "typical" family, the instruction in the terms of reference was complied with, and this qualification should be borne in mind when the following figures are quoted.

The procedure adopted was to draw up and circulate as widely as possible a form of family budget. In deciding what to take as the requirements of a family, in terms of a man's rations, the committee followed the practice of the American Bureau of Labour Statistics, but by assuming

* THE ROUND TABLE, No. 61, September 1925, p. 199.

† No. U.G. 47 of 1925.

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the ages of the three children to be 12, 9 and 5, instead of 12, 6 and 4 (as adopted in the United States enquiries) it assessed the "typical family" as 3.9 units, on the basis: husband, 1.0; wife, .9; boy of 12, .9; girl of 9, .75; and boy of 5, .4; whereas the American estimate was 3.35 units. Where a native servant entered into the calculations his food requirements were reckoned as .5 of the husband's. Following Mr. B. S. Rowntree's "man with moderate work," the committee selected 3,500 calories as the daily food requirements of a man, which is equivalent to 409,500 calories per family per 30 days.

The budgets received by the committee were classified by areas, and in the three groups (a) under £240, (b) £240 to £360, and (c) £360 to £500, per annum. Of those received 442 could be used and thirty-eight were discarded. Nearly one fourth were submitted by bank officials.

By defining "an average regimen" as that of a family with a monthly income between £20 and £30, the figure of £27 16s. 9d. was obtained, this being the average monthly expenditure of all such families as reported. This figure represents £11 3s. 4d. for food, £1 8s. 5d. for fuel and light, £4 17s. 4d. for rent, and £10 7s. 8d. for sundries.

Only 23 per cent. of the budgets used showed no expenditure on servants' wages. Probably in no other country would a similar investigation have yielded so small a percentage. The committee estimated the average annual cost of employing a native servant at £50, or 14 per cent. of the cost of the "average regimen."

When investigating the expenditure that would be required to maintain a civilised standard on "a *minimum* regimen" it was found that to conduct an enquiry for South Africa on the lines of the Rowntree investigation in York would involve investigations in a number of typical districts of so detailed a nature that the assistance of local organisations for house-to-house questioning would be essential. The committee therefore confined itself to reviewing and adjusting for the family detailed

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above (1) local surveys previously made by independent investigators; (2) scales of relief adopted by the provincial Administrations; (3) scales of rations laid down by prison authorities for prisoners serving for more than three months.

On allowing for fuel, light, rent and sundries the committee considered that

On the evidence available at the present time, and taking all the circumstances into consideration . . . the cost of a *minimum* regimen on a civilised standard of living in the nine principal towns might be taken as ranging from £90 to £110 per annum.

It is not claimed that this estimate is a close approximation, and care must be exercised in using it. Nevertheless it has already attracted a very considerable amount of criticism in South Africa, mainly from people who do not appear to understand its meaning. For purposes of comparison we may notice that Mr. Rowntree in 1913 estimated the cost in York of the minimum necessities for a family (man, wife and three children) at the "primary poverty line" at 21s. 8d. per week. The equivalent in 1913 of the South African figure of £90 to £110 per annum is £74 to £91, or about 28s. 5d. to 35s. per week. The fact that the Wages Board, in making any wage award for the maintenance of civilised standards, will need to show very good reason for any great departure from it will greatly strengthen its hand in establishing what may prove to be unpopular though economic minimum wages.

III. THE ORGANISATION OF FRUIT EXPORT

THE practicability of shipping perishable produce long distances in cold storage was first demonstrated by the New Zealand Shipping Company in 1882. The importance of that invention in the economic development of the Dominions will be evident to anyone who takes the

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trouble to ascertain from the occupational census of each Dominion the number of people who are engaged in preparing for export the meat and fish, dairy produce and fresh fruit which figure so largely in the trade returns.

The growth of the fruit export trade from South Africa is the most spectacular development in the post-war trade of the Union. Before the Boer War the shipments of deciduous fruit which were made were largely experimental. In 1902-3 as many as twenty thousand cases were shipped in one season; in the year following Union two hundred thousand cases; and in 1922-23 over one million cases of deciduous fruit left, for the first time. The growth of the citrus industry has been even more rapid. Almost negligible before Union, the export during the 1925 season was more than 900,000 cases. The relative importance of the different fruits, as regards the value of the exports, is roughly conveyed in the statement

Oranges, 8; pears, 6; grapes, 4; peaches, 2; plums, 1.

A census taken two years ago revealed the existence of three and a half million citrus trees, of which one and a half million were then bearing. The Minister of Agriculture recently declared that the estimated export of citrus alone in 1930 would be over six million cases.

The fact that an entirely new trade of these dimensions can be built up in a generation, in a comparatively new country, is a striking testimony to the elasticity of modern economic institutions, and it reflects very great credit on all those who have been engaged in growing, packing, cooling and shipping the produce. It must be emphasised that the new venture has achieved great success, for there are pessimists within the industry itself who are apt to regard as signs of inherent decay little maladjustments which cannot legitimately be regarded as anything more than the growing pains which are the price of phenomenal growth.

The organisation that has evolved to regulate this

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industry bears many resemblances to those with which students of co-operation have been made familiar in California and Florida, but South African conditions have demanded new machinery and special research. The fundamental distinction that American fruit is railed to its principal markets, from compact growing areas, whereas South African fruit has to be collected from a vast sub-continent, concentrated in four orifices, and then shipped thousands of miles to its market, accounts for most of the pioneer experimentation that has been necessary in the evolution of marketing machinery for a highly perishable product. A review of some of the difficulties that have been met and largely solved will be instructive to those who are tackling similar problems elsewhere.

The need for precautions against the shipment of inferior fruit and for control of packing methods to secure uniformity and to facilitate shipping arrangements resulted in very early requests for Government intervention. Five Acts control the export of South African produce; the Fruit Export Act No. 17 of 1914, the Agricultural Products Export Act No. 35 of 1917 (which does not apply to fresh fruit), the Agricultural Products Grading Act No. 16 of 1922, the Co-operative Societies Act No. 28 of 1922 and the Fruit Export Control Act No. 12 of 1925.

The Fruit Export Act of 1914 sets up Government inspectors to examine the condition and grade of all fruit for export. Exporters must be registered and must notify the inspectors of all parcels of fruit they wish to be branded and stamped. The owner of rejected fruit has the right of appeal to a board of reference. Over 1,300 growers are registered as exporters, and regulations prescribe the inspection fees to be paid, the methods of packing to be adopted for each class and grade of fruit, and a minimum pre-cooling period of 48 hours in cold storage for all fruit except citrus and pines, unless it is shipped in ventilated holds.

Under the Grading Act of 1922 further arrangements are

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made for the inspection of fruit, and special levies are authorised to be paid by growers, for allocation by the Minister for the development of the industry. A levy of 5s. per 40 cubic feet is payable on all citrus and deciduous exports, and the method of allocation of this fund has provided one of the bones of contention among the growers. In June 1923 arrangements were made under this Act for the inspection of citrus fruit for export at four inland centres in the Transvaal as well as at the ports. Better prices can thus be obtained for rejected fruit than if it were all concentrated for disposal on the Cape Town market, and rejection was the fate of over one-eighth of the citrus packed for export during the 1925 season.

The growers themselves soon felt the need of an organisation which could deal collectively with their common problems as they emerged. In December 1921 the Fruitgrowers' Co-operative Exchange of South Africa was incorporated, and in 1922 the society was formally constituted under the Co-operative Societies Act of that year. Another of the troubles of the industry has been the fact that the citrus growers have been more keenly conscious of their own common interests than they have of interests common to the exporters of other fruits. The citrus season lasts from May-June to September-October; the deciduous season from December-January to April-May. It was not, as we shall see later, until December 1925 that a formula was discovered which will permit the citrus growers to maintain complete loyalty to both groups. Until then the constitution had provided for the grouping of fruit growers in voluntary local co-operation companies, which in turn appoint delegates to provincial or central companies. The resolutions of these central companies are sent forward to three sub-boards or divisions, one each for citrus, deciduous and pines, which are annually appointed by the central companies to have complete control as the federal Board of Directors. The Minister allocates part of the levy paid by all the exporters to provide

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funds for the work of the Exchange. Over 90 per cent. of the deciduous growers are members of local companies, whereas not more than 70 per cent. of the citrus growers are members, the majority of the non-members probably being in the Transvaal.

The detail work of the Exchange until December 1925 was delegated to committees, of which the Shipping Committee was most continually before the public eye. It was first appointed to deal with the deciduous crop of 1923-4 and it continued to act in 1924 at the special request of the citrus sub-board. It was realised from the first that one of the chief functions of the Exchange was to evolve a system of negotiation with the shipping companies for cold storage space which could supersede the unorganised efforts of individual growers, each too small to take the risk of making forward contracts.

Lack of space prevents a detailed account of the operations of the Shipping Committee. Not the least of its difficulties was the problem of getting reliable estimates from growers and railway companies and a fair adjustment of railway rates.

Early in September the Government appointed a committee of enquiry into the fruit export trade, with instructions to present its recommendations for the improvement of the organisation of the industry to the Minister of Agriculture. The committee took full evidence at each of the ports and in Pretoria, and presented its report in November 1924. Its main recommendation was that a central controlling body, with full control over the fruit on its arrival at the ports, "both in regard to the method and destination of shipment," should be set up, and that it should have sole responsibility for negotiations with the shipping companies, so far as fruit export is concerned.

As regards the railway charges for moving fruit, the committee was of the opinion that the charges made were reasonable and that they did not favour any one port. While, in general, fruit should be shipped from the port nearest to

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the grower, the special facilities at certain ports and the special wishes of individual growers should be considered.

In its review of the actual shipping methods the committee recommended that shipments in fan room* should be discontinued, except for experimental purposes, until it was known which particular varieties of fruit could normally be carried in this way without excessive waste. It upheld the system of shipping according to priority of arrival, on account of the extra handling and book-keeping, and wastage of pre-cooling space that would be involved in any renewal of the attempt to ship according to the crop estimate made by each grower. On the other hand, it emphasised the necessity for more reliable estimates from growers, and suggested that in the event of shipping space again proving inadequate those growers should be penalised who omitted to prepare estimates of their crop. The shipping companies might also arrange their sailings to avoid overlapping and ensure a steadier service. Finally, the imperative need for adequate pre-cooling plant to deal with the fruit at the ports was emphasised.

Early action followed this last recommendation. In December 1924 a beginning was made by the Railway and Harbours authority by increasing the cold storage plant at Cape Town from 450 to 900 tons capacity, and by commencing the erection of a new pre-cooling warehouse alongside the deepwater berths, with mechanical conveyors to the quays. At the time of writing, the completion of the bulk of this new plant, capable of handling 3,500 tons of fruit, is already announced. If fruit is pre-cooled for the regulation forty-eight hours prior to shipment, this plant has a capacity of 50,000 tons per month.

More delay occurred in giving effect to the other proposals of the committee, and in the early months of 1925 complaints began to appear in the Press regarding delays in shipping the deciduous crop. In March the Transvaal

*i.e. holds ventilated by fans as opposed to cold storage.

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growers formed themselves into the Transvaal Deciduous Fruit Growers' Association and secured from the Government an arrangement whereby their fruit could be pre-cooled and inspected in Pretoria, and conveyed to the coast in ice trucks to avoid the congestion in the port stores. The Constantia growers in the Cape called a meeting of protest against the methods of the Shipping Committee, but on hearing the case of the federal directors, who blamed the growers for sending hopelessly incorrect estimates which could not possibly be relied upon for the reserving of space, the criticisms were followed by congratulations on what the Shipping Committee had been able to achieve. Nevertheless, the Exchange at the end of March had to warn growers to cease packing for a period on account of congestion at the docks, and the private shippers took the opportunity to advertise special arrangements for fast trains to take hard pears to Durban for storage in private cold stores pending shipment from that port. The danger of a return to private bargaining with the shipping companies loomed ahead once more. The Opposition in the House of Assembly appealed for prompt action on non-party lines, and on April 16 the Fruit Export Control Bill was introduced by the Minister of Railways.

This Act (No. 12 of 1925), passed in May, carries out the proposals of the committee of enquiry for a Control Board. The Board controls the export of fruit from the Union and the order of shipment from all the ports, and receives estimates from the growers of intended exports and information from the shipping companies with regard to the available space. No person may export fruit from the Union except through the Fruit Growers' Exchange, except for consumption in Rhodesia, the Protectorates and the Belgian Congo. The Control Board acts through a committee, or an official, at each port. It is empowered to equalise the rates of freight paid on different consignments and spread them equally over all the exporters in proportion to their shipments; and to facilitate the reserving of space

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in advance the Land and Agricultural Bank is empowered to guarantee the performance of contracts which the contracting body—the Exchange—may make on behalf of the Control Board.

From the strong opposition that suddenly arose against the Bill during the later stages of its passage through the Houses, it was evident that it would not provide a lasting settlement. An amendment was inserted in committee which closed a loophole by which the Transvaal growers might have escaped the control of the Board. It was pointed out that the Bill provided no control of fruit shipped through the Portuguese port of Lorenzo Marquez. An amendment therefore was inserted which extended the control to all exports of fruit "from the Union"—*i.e.*, across the boundary at Komatipoort as well as through the Union ports. The Transvaal growers, led by the National Fruit Growers' Association, were not successful in preventing this Bill from passing through the Senate.

A Government notice in June announced the appointment of six members to the Fruit Export Control Board, one of them being a member of the National Fruit Growers' Association and two advisory members. In July the regulations governing the Board's activities were gazetted. Important among them is the provision (No. 25) that, except in exceptional circumstances, shipping space shall be allotted in order of priority of arrival at the port (or if transported to the port in refrigerated trucks, at any inland pre-cooling station). A new regulation gazetted on December 24 gives the Board power to cause any fruit intended for shipment to any particular port in Great Britain to be diverted to some other port in Great Britain, if the shipping of fruit will thereby be facilitated or expedited.

The Control Board still has no power to prescribe to the grower the port through which he shall ship. At present it is anticipated that it will be sufficient if growers are advised and warned when the capacity of any one port is being overtaxed. It is to be hoped that individual self-

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interest is still strong enough to make further action unnecessary in this particular matter.

The continuance of Press criticisms of the Exchange directors' policy made it evident that the Transvaal citrus interests were not yet satisfied. The Minister of Agriculture at length called a citrus conference to meet in Pretoria at the beginning of December. It was attended by over 400 delegates from the Union and Rhodesia. The majority of the Transvaal growers, whose grievances were well aired in discussions lasting two days, demanded a separate Citrus Exchange under the Co-operative Act, control of their levy contribution, and freedom from the alleged domination of the Fruit Growers' Exchange. At length, however, an agreement was reached which received almost unanimous support. Reorganisation of the fruit growers' associations was decided upon, which would give the citrus growers the management of their own industry and yet keep them in touch with the growers of other fruits in matters of common interest. It was agreed that on achieving reorganisation along these lines all growers represented at the Conference would become members.

A joint committee of the growers and the citrus sub-board spent December working out the constitution of the new South African Co-operative Citrus Exchange. The controlling directors are to be elected annually, one from each affiliated society. The levy on citrus exports is to be paid by the Government to the Citrus Exchange and will be expended—firstly, on the requirements of the Fruit Export Control Board; and, secondly, one-third is to be paid to the Federal Fruit Growers' Exchange to enable it to carry out such functions as are "entrusted to that body by the constituent central exchanges," any unexpended balance to be returned. The deciduous sub-board has adopted the same regulations for the reorganisation of its own industry, and it is understood that the pineapple sub-board will follow suit, and will also be represented on the federal Board of the newly-constituted Fruit Ex-

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change. The functions of the Export Control Board remain untouched.

The reorganised Fruit Growers' Co-operative Exchange of South Africa is now a federal body, with its registered office in Cape Town. The Board of Directors comprises five from each of the constituent companies. An interesting provision is that the Chairman shall have a deliberative but not a casting vote. The function of the federal Board is to carry out only those matters that are of common interest, and very rightly in the event of a deadlock the dispute will be referred back to the constituent central societies.

The fruit export trade thus enters the year 1926 with all its internal troubles at an end. The existence of a properly-constituted Control Board to apportion shipping space at all the ports should result in greater harmony there also. Pre-cooling facilities are now adequate for the requirements of the near future, and the only outstanding problem is the provision of ample shipping space at regular intervals. To carry the six million tons of citrus fruit which it is estimated will be exported in 1930, sixty steamers, each carrying 100,000 cases, would be needed during the season of three to four months, or one sailing every other day. The only way to attract that amount of shipping will be by paying commercial rates of freight and giving reasonable guarantees. In the meantime the most urgent need is for a settlement of the mail contract along such lines that the contracting company will be encouraged to devote every available inch of space to the efficient carriage of fresh fruit and other South African produce.

South Africa. January 13, 1926.

NEW ZEALAND

I. THE GENERAL ELECTION

THE failure of the attempts made in June and July to bring about a fusion of the Reform party and the Liberals was reported in the December number of *THE ROUND TABLE*.^{*} Outside the inner circles of politics there was much disappointment that the opportunity presented by the death of Mr. Massey and the retirement of Mr. Wilford of making the change which Mr. Massey himself had suggested had been missed. It was immediately after the General Election of 1922, when the Labour party seemed likely to hold the balance of power, that Mr. Massey had made the suggestion. At a great cost of freedom, of efficiency and of personal health he had staved off this danger, but under the three-party system it was liable to recur at any time. While increasing the risks of the system, the change of leadership also provided an excellent opportunity for combining the two parties whose mutual differences on both domestic and Imperial policy are trifling in comparison with their common antagonism to Labour. But the spirit of party proved to be too strong, and after a brief armistice the old triangular warfare was resumed and maintained till the end of the session. The possibilities of a Reform-Liberal fusion continued to be discussed sporadically and unofficially, but so much of the discussion took the form of mutual recriminations regarding the responsibility for the failure of the Conference that it made for estrangement and embitterment rather than union.

^{*} *THE ROUND TABLE*, No. 61, December 1925, p. 206.

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When the close of the session on October 1 was followed by preparations for the General Election, the party manifestos showed that the Prime Minister, Mr. J. G. Coates, and the Leader of the Opposition, Mr. G. W. Forbes, had had no better success than their predecessors in basing the contest between Reformers and Liberals upon any fundamental distinctions of principle or policy. On October 3 Mr. Coates declared the policy of the Reform party in moderate and businesslike terms, which, as he said, "made no attempt to set forth a spectacular programme involving vast sums of money and wholesale expenditure" and indulged in "no fanciful promises." A restraint which preferred understatement to exaggeration and, while not promising much, conveyed the impression that he was likely to be better than his word, was the key-note of his manifesto. This pleasant contrast to the normal method of the advertising politician was maintained by the Prime Minister throughout his campaign speeches and goes far to account for his success. The points of the manifesto were summarised by the *Evening Post* (October 3) as follows:—

1. Sound and prudent finance.
2. Thorough examination into the incidence of taxation.
3. Closer settlement of occupied and unoccupied lands by purchase and subdivision.
4. Extension of scientific agricultural education.
5. Investigation into farmers' land banks.
6. Well-being of the Empire.
7. Support of the League of Nations.
8. Encouragement of secondary industries and suppression of trusts.
9. Immigration—selective organisation to be strengthened.
10. Humanitarian: More houses and fewer slums; increased compensation benefits; investigation of universal pension scheme, and of aid to parents with large families.
11. Modernised methods of education.
12. Extension of public health policy.
13. Establishment of Local Government Board.
14. No spectacular programme; no fanciful promises.
15. National safety and progressive development.
16. More business in government and less government in business.

The General Election

The full text of the brief reference to external affairs covered by Nos. 6 and 7 is as follows:—

To maintain unimpaired our loyal adherence to the King and the Empire, and to seek by all practical means to strengthen and develop Imperial unity by improved means of consultation, by tariff preference, and by adequate contributions to Imperial defence.

The malign influences which are at work to undermine and destroy the Empire must be exposed and combated if we are to preserve our great heritage, which to-day is such a potent influence in preserving the peace of the world.

To support and assist the League and extend its sphere of influence with a view to building up international goodwill and concord.

"Adequate contributions to Imperial defence" and adequate support of the League of Nations—these are points on which New Zealand has failed so seriously hitherto that the Prime Minister's emphasis on both is very welcome. Taking the document as a whole, its main weight lay in an appeal for strong and stable government and for steady and rational progress on the same lines and in almost identical terms with those of Mr. Baldwin's 1924 manifesto.

There was really very little in all this to which Mr. Forbes, the Leader of the National party, could not have subscribed. Conversely, there was very little in the manifesto issued by Mr. Forbes on behalf of his own party on October 1 which would have caused any Reformer the slightest difficulty if it had appeared over the signature of Mr. Coates. One might reasonably go even further. About the middle of the campaign the Press twitted the Opposition with having "no distinctive policy whatever." Replying a few days later to the Prime Minister's charge that the Opposition had copied his policy, the *Auckland Star* said: "Liberalism steal Reform's policy! The first difficulty would be to find it." Both papers were very near the mark. In policy, as apart from leadership, there was little that was distinctive in either programme and very little to choose between the two. The poorest thing in the Nationalist programme was the vague and chilly negative under the heading of Defence: "Defence expenditure to

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be kept at the lowest possible limit consistent with national safety." As military defence has already been cut to the bone and the national safety, if not already jeopardised, is maintained at the expense of the national honour by the disproportionate share of the naval burden which Britain is allowed to bear, the reference is unworthy of the party which was once led by Seddon and Sir Joseph Ward. In domestic policy Mr. Forbes advocated the establishment of an "agricultural bank with Government guarantee," which the Prime Minister was merely prepared to consider, and of a "State bank free from political control," and also the adoption of an electoral system "whereby majority rule shall be assured," but without specifying what the system should be. But three such points as these, never pushed with the emphasis of strong conviction, were quite insufficient to justify the independent existence of the National party, and there was very little else.

The real weight of the opposition to the Reform Government came from the Labour party with its frankly socialistic and anti-imperialistic aims. Though the party is less violent in its propaganda than it used to be, and is accused of toning down its red doctrines to a relatively mild pink for electioneering purposes, no camouflage was attempted on the main point in the manifesto issued by Mr. H. E. Holland, chairman of the Parliamentary Labour party, on October 13. The red flag was kept faithfully flying in the repetition of the time-honoured avowal that "the objective of the party is the socialisation of the means of production, distribution and exchange." The method was declared to be "the conquest of political power, local and national, by constitutional means" and the extension of the organisation of the workers. Special attention was paid to housing, the immediate restoration of wages and salaries to the 1914 standard, a State-owned shipping service, a State bank, free hospital treatment, free education, endowment of motherhood, and adequate pensions based on the cost of living. A matter which provoked much controversy was the party's

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land policy, on which the platform contained the following points :—

1. A State valuation of all privately owned land, such valuation to remain on record as the measure of the present landholder's interest in land,
2. Privately-owned land shall not be sold or transferred except to the State.
3. The owner shall have the right to surrender his land on the valuation prescribed in sub-clause (1).

It was also provided that the tenant should have the absolute right to improvements and that there should be

a land tenure based on occupancy and use, which shall secure to the working farmer the full fruits of his labour and exertions.

Though the scope of these proposals was narrowed by the manifesto, it was regarded as veiled land nationalisation and severely criticised, and the unpopularity of "usehold" was by no means confined to the small farmer. In regard to defence the policy of the Labour party was purely negative and destructive, demanding

The repeal of the Military Service Act and the Defence Act.

The repeal of all provisions in the War Regulations Act and its amendments that interfere with civil and industrial liberties.

The Imperial or international policy of the party included :—

The principle of self-determination to be applied to all races for the purpose of terminating the ruthless plundering of nations by modern Imperialists.

When Mr. Coates opened his campaign at Oamaru on October 8 he was almost a stranger to the South Island and very little known on the platform anywhere except in his own constituency. His opening speeches read as though he was following too closely a text prepared in Wellington, but he acquired freedom as he went, and the extraordinary enthusiasm of his reception everywhere was beyond question. He had had a good Press from the

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moment that he was recognised as Mr. Massey's probable successor—so good indeed, that Labour partisans had dubbed him "the Press-made Prime Minister"; but now the seal of popular approval was added. He was well advertised by the double slogan of "the man who gets things done" and "give Coates a chance." He certainly owed much to the eulogies of his friends, but the main cause of his success was clearly his own winning personality.

As Mr. Forbes, the leader of the National party, made no attempt to get a national hearing at all and was soon seen to be out of the running, Mr. Coates's only rival was the Labour leader, Mr. Holland. The contrast between the two men was worthy to adorn a tale. The farmer, the soldier, the administrator, the man slow of speech and quick of action, on the one side; the eloquent champion of class consciousness, the bold maker of promises, the ready and resourceful debater and declaimer, on the other. It was the man of action against the man of words as clearly as Plutarch himself could have depicted it. By the time the man of action had completed his tour of the South Island, the fear that the Nationalists would dangerously split the anti-Labour vote had disappeared. When he had done equally well in the North Island the victory of Reform appeared to be assured. But even the most optimistic of Mr. Coates's supporters had not expected so striking a success as was disclosed when the figures went up on the night of November 4. As amended by two recounts, and subject to the possibility of a further alteration by two election petitions, the results, with the corresponding figures of the previous General Election, were as follows:—

	1922.	1925.
Reform (Government)	38	57
Nationalist (formerly Liberal)	20	9
Labour	17	11
Independent Nationalists	—	1
Independent Liberals	5	1
Independent	—	1

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Three of the five Independent Liberals returned in 1922 were pledged to vote with the Government against a no-confidence motion supported by Labour, and without their help Mr. Massey could not have carried on. The one Independent Liberal in the new Parliament is Sir Joseph Ward, whom the whole country is glad to welcome back to politics after an absence of six years. Both a sentimental and a historical interest attaches to his election in 1925 as the only representative of "Liberalism." He was an almost continuous member of the great Liberal régime which, under Ballance, Seddon and finally himself, governed the country without a break from 1891 to 1912, and he is naturally not ashamed of the old name. The party is not ashamed of the old policy, but by way of compensation for the failure of its negotiations for fusion with the Reform party, it adopted the name of "National party," which the combination would have taken if the negotiations had succeeded. As applied to a party which ruled the country without serious challenge for more than 20 consecutive years, but is now a mere wreck, the name "National" has only an ironical propriety.

In winning 57 out of 80 seats Mr. Coates has done even better than Mr. Baldwin's capture of 415 seats in a House of 615, the proportions being 71·5 and 67·48 respectively. New Zealand had seen nothing like it since Seddon at his last General Election in 1905 won 60 seats—a victory which he did not live to enjoy. But whereas Seddon's achievement was at the very height of his powers and in a straight fight, Mr. Coates's victory was that of a 'prentice hand embarrassed by the special difficulties of triangular warfare. It is also to be noted that in all these cases, owing to the anomalies of the single-member district system, the Parliamentary majority is apt to be out of all proportion to the popular vote. "The swing of the pendulum," to which the political augurs and the democracy itself attach so much importance, would be much less impressive if they realised to how large an extent it might be more accurately

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described as the toss of the coin. According to an analysis prepared by Mr. Walter Nash, Secretary of the Labour party, the votes polled by the various parties at the last two General Elections and their respective percentages of the totals were as follows :—*

		1922.		1925.	
		Votes.	Per cent.	Votes.	Per cent.
Reform		266,123	42·7	308,413	47·1
Labour		145,148	23·3	181,067	27·6
Nationalist (Liberal)		189,287	30·4	133,453	20·4
Others		22,512	3·6	31,922	4·9

On a proportional basis, therefore, the Reform party's strength in the House should be reduced from 57 to 38, while Labour's should be increased from 11 to 22, and the Nationalists' from 9 to 16—a result which would have put the balance of power in the hands of four Independents! An artificial majority created by an imaginary swing of the pendulum may be better than this, but we should at least know what we are doing. As the Welfare League has pointed out, the talk about the set-back of Labour and the overwhelming strength of Reform has no foundation in the figures.

The causes of the Government's victory were well summarised by the *Auckland Star* (Nationalist) in its leading article on November 5 :—

Mr. Coates has captured the imagination of a large section of the public. He appeals to it as a vigorous man in the prime of life, honest and direct in his dealings, approachable and breezy in disposition, and one who is not bound by convention, but has the courage to put new ideas into practice. Probably the influence is largely psychological, and most voters would find it difficult to put it into words. Many of his supporters, we should say, thought all the more of him because he appeared to them as a fresh personality not yet hardened by the political battle. . . .

. . . With every union a recruiting agent, with a large fighting fund and an army of willing workers on the platform and behind the scenes, Labour was far better equipped for the fight than were

* Taken from the *New Zealand Times*, November 17, 1925.

The Licensing Polls

the Liberals. The loss of several seats and reduction of majorities in others will, we hope, have some effect. It is certain that its folly in not condemning a strike that was a violation of contract and the principle of collective bargaining lost it many votes.

Many voters were shrewd enough to see that a party that virtually sided with the revolutionary instigators of the strike and their dupes was not fit to govern. It is a question, however, whether the strike did Labour as much harm as its land policy. Apparently the more the party attempted to square its revised policy with its original programme, the less was the electorate impressed. Labour should sit down and do some hard thinking.

The unwonted silence which has overtaken the Labour party since the General Election suggests that it is taking this advice to heart, but there is reason to believe that it blames the strike more than "usehold" for its disappointment, and that it is right in so doing.

II. THE LICENSING POLLS

THE result of the National Licensing Poll, which is taken triennially on the same day as the General Election, was another set-back for prohibition. The figures, with those of the last poll added for purposes of comparison, are as follows :—

		1922.	1925.
National Continuance		282,669	299,584
State Purchase and Control..		35,727	56,043
National Prohibition		300,791	319,450

Though prohibition has slightly increased its lead over continuance, it has fallen shorter than before of the requisite minimum of half the total votes cast, and continuance is accordingly deemed to be carried. Adding the votes for the first two issues together gives a total of 355,627 against prohibition, making an anti-prohibition majority of 36,177. The majority in 1922 was 17,605. The percentages of the aggregate vote recorded for the various issues at the two

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polls were :—continuance, 1922, 45·4 ; 1925, 44·4. State purchase and control, 1922, 5·8 ; 1925, 8·3. Prohibition, 1922, 48·6 ; 1925, 47·3. With decreases of 1·2 and 1·3 per cent. respectively, the relative positions of the continuance and the prohibition votes are thus substantially unaltered, and the State control vote has gained almost equally at the expense of both. But it is quite certain that the increase of this vote does not mean what it appears to mean. State control, which has never been taken seriously by the electors, was on this occasion definitely abandoned in favour of a scheme of "corporate control" by trust companies on which the Government would be strongly represented. The issue also received some support from voters who object to prohibition but took this way of indicating their opinion in favour of reform. But the reforms which are likely to receive the most attention from the new Parliament are those which propose to give the trade an increased security, especially in regard to a longer interval between the polls.

The only form of local option now prevailing in the Dominion is in the 12 districts where no-licence was carried before the local system was superseded by the national vote in 1918. These districts vote on the restoration of the local licences, and the same three-fifths majority which carried no-licence under the old law is needed to reverse it. This condition has now been satisfied for the first time in one of these districts. In 1908 Ohinemuri went "dry" with a no-licence vote of 3,333 against 2,035 for continuance. As 4,144 votes were cast for restoration on November 4 and only 2,663 against it, Ohinemuri will get its licences back as from July 1.

The Seamen's Strike

III. THE SEAMEN'S STRIKE

THE maritime strike which originated in London in August reached New Zealand in the last week of the month. The trouble began in Wellington on the 25th, when the crew of the *Arawa*, which was to have sailed for London on the following day, refused duty. On September 11 proceedings against the crew resulted in 86 of them being sentenced to six weeks' imprisonment and the forfeiture of twelve days' pay, and on the 14th all the defendants, accompanied by some 400 sympathisers, mostly from other British ships, marched in spirited but orderly procession to the jail. Negotiations between representatives of the shipowners and of the strikers took place both before and after the prosecutions, but without avail. The local unions helped to finance the strikers, and some of their leaders publicly expressed their sympathy and indulged in severe denunciation of Mr. Havelock Wilson and the National Sailors' and Firemen's Union, but there was never any talk of extending the strike to men who are not on British articles. In Auckland and the other ports the strike proceeded simultaneously and on similar lines. It continued everywhere throughout the month of September, and the paralysis of the Dominion's overseas trade was threatening the producers with disaster before the Government intervened. Addressing his constituents on October 5, Sir James Parr, Minister of Justice, discussed the position in the following words :—

In Auckland alone nine overseas ships were held up by the seamen's strike. New Zealand was never faced with a more serious situation. The inward and outward cargoes involved were over £2,750,000 in value. Probably three-quarters of the cargo were primary products destined for England, while the inward merchandise was urgently required by the importers and the public. He estimated that New Zealand dairy produce and meat to the value of £4,500,000 was held up. If the strike continued

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into the summer, our exports, 96 per cent. of which are primary products, would not be forwarded, and the country would lose over £50,000,000 in the year. The strike had got the whole community by the throat, and a continuance would mean the closing down of every industry, office, and business in New Zealand. The Government realised the gravity of the situation, and could not stand by and see the country ruined.

On that and the following day, October 5 and 6, a conference between representatives of the parties was held in Wellington, with the Prime Minister in the chair, but it proved abortive. The terms for which the men held out were impossible in their extravagance. Meanwhile, strong representation had been made to the Government by the Farmers' Union, Chambers of Commerce, Dairy Associations and other bodies, and investigations were proceeding as to the quantity of volunteer labour available. There was labour to be had in the country, but the farmer's dilemma was that it could not be working his farm in a critical part of the season and shipping his produce at the same time. To his announcement of the failure of the conference the Prime Minister added that

the only thing remaining to be done was promptly to get the New Zealand produce moving, and to protect those who would undertake the work.

Two days later (October 8) the return of 50 strikers to work in Wellington under police protection showed that the strike had begun to crumble. On the 12th the manning and sailing of the *Arawa* was taken to indicate that the back of the strike had been broken. But it lingered on for two or three weeks longer, and on October 26, after all the 13 ships held up in Auckland had been despatched to their destinations, the statement published there that the strike was to be declared off was indignantly denied. The official information was that the strike had been handed over to the Alliance of Labour to deal with. But the strike was already dead, and the Alliance wisely made no attempt to revive it.

The Geneva Protocol and the Locarno Treaty

What in August had been an exceptionally favourable outlook for the Dominion's trade had been seriously clouded by this two months' stoppage. In an address delivered in Wellington on October 22, Mr. T. S. Weston, president of the Employers' Federation, expressed the opinion that, though the determination of the producers and the public had averted a catastrophe comparable to the economic débacle of 1921, the results were nevertheless very serious.

Our early lamb trade will (he said) be seriously affected; our local wool sales will be sluggish owing to lack of shipping space; storage charges on all produce will be increased; and dairy products, owing to the delay, will be thrown upon the London market at a time when supplies from the Continent in the early northern spring will be in competition. Unless the northern hemisphere experiences a bad spring, it can be safely said that before our present season is over the shipping strike will have cost the farmers alone some hundreds of thousands of pounds, the revenue of the country will be lessened, and the normal increase of saving checked. If the present local government loan of £5,000,000 so urgently required to assist the small farmer and for workers' dwellings is not completely subscribed, it will be in the main the result of this strike.

IV. THE GENEVA PROTOCOL AND THE LOCARNO TREATY

WE stated in June* that the Dominion first knew what its views were about the Geneva Protocol from the speech in which Mr. Austen Chamberlain, as he then was, killed the Protocol from the chair of the League's Council at its March meeting. In passing sentence on behalf of the British Empire he had said that all the Dominions concurred. But, as Mr. Chamberlain was not then authorised to disclose the reasons given by any of the Dominions, we were still in the dark as to why we had condemned the Protocol. It may now be added that, so far as any official information went, this darkness continued for

* THE ROUND TABLE, No. 59, June 1925, p. 626.

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more than six months longer. It was not till September 28 that the correspondence on the subject was submitted to the House with a brief introductory statement from the Prime Minister. Allowance must, of course, be made for the interregnum created by Mr. Massey's illness and death, and for the lapse of the Protocol more than two months before the appointment of his successor (May 30). But the fact remains that for almost exactly a year after the adoption of the Protocol by the Fifth Assembly we were left without an official word of guidance or information on a subject which Mr. Massey in his reply to the Colonial Office of January 9, 1925, had properly described as one of "substantive, singular and perhaps unexampled importance."

By that time the Protocol had been dead and buried six months, and we had been represented as consenting to its death, though we had not been given the opportunity of consenting or dissenting or even of knowing what our trustees were proposing to do in our name. Such a procedure is, of course, a mockery at once of democracy and of the fundamental purpose of the League, which is to effect a live and active union, not of Governments but of peoples. It is difficult to see how the mischief is to be remedied unless the portfolio of External Affairs can be assigned to a Minister who has not a mass of more pressing duties with prior claims on his attention, and whose function will be to keep in touch, not merely with Downing Street and Geneva, but with our own Parliament and people and to see that they are continuously informed and interested.

It is a pleasure to record that this unfortunate reticence has not been extended by the present Government to the Security Pact. Its attitude to the proceedings has throughout been perfectly clear and warmly approved. While the negotiations were in progress it had complete confidence in the capacity of the Foreign Office to see them through. After an agreement had been reached it had no hesitation in saying that New Zealand could not stand by

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and leave the Mother Country to bear the whole burden alone. Mr. Coates had not been in office three weeks before he had given us a striking touch of his Imperial quality.* Speaking at a civic reception in Auckland on June 17, he said:—

While New Zealand reserved the right to be consulted in matters of negotiation with European Powers, when New Zealand had expressed its opinion, it left it to the Imperial authorities to make what arrangements they thought best. New Zealand had already cabled to the Home Government to say that whatever arrangements Great Britain might make for the purpose of securing peace, we were behind her to a man. The Homeland was our guard and protection, and it was essential that the Dominion should render her every assistance, particularly just now when Great Britain was suffering an industrial depression and struggling to regain her trade supremacy.

This was New Zealand's answer to the critics of the British Government who had been endeavouring to set up an antagonism between the respective interests of Britain and the Dominions in the matter of European peace. The point of view is exactly that which was adopted by Sir Francis Bell in his important declaration on the control of foreign policy†—a point of view which had never been quite so uncompromisingly stated by Mr. Massey. A less emphatic but equally clear statement of the Government's attitude to the Pact negotiations was afterwards made by Mr. Coates in his above-mentioned statement to the House of Representatives on September 28.

It seems undesirable, he said, to express an opinion upon these actually pending negotiations. The New Zealand Government is satisfied that such negotiations can best be conducted by His Majesty's Government without interference, subject to the opportunity which is given constantly to the Dominions of offering comment upon the separate proposals.

Arriving when the country was in the throes of a General Election the great news from Locarno did not receive all

* THE ROUND TABLE, No. 60, September 1925, p. 848.

† THE ROUND TABLE, No. 59, June 1925, pp. 627-628.

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the attention that it deserved. But in a speech at Helensville on October 21, the Prime Minister said that the Governor-General had forwarded the Dominion's congratulations to His Majesty's Government on the result, and had "intimated that the New Zealand Government recognised how greatly it was due to Mr. Chamberlain." And on October 23, in a leading article on "The Isolation of Britain," the *Evening Post* expressed a feeling with regard to Article 9 of the Treaty which was soon shown to be general.

From the international standpoint (it said) the Pact is a highly satisfactory arrangement for Great Britain, because it gives European peace a sanction which could not be established at Versailles—the voluntary consent, approval, and co-operation of Germany. From the Imperial, as distinguished from the international, standpoint the Pact is highly unsatisfactory for Britain, since it gives the disintegrating tendencies set in motion at Versailles a glaring official recognition and suggests to the world that, after playing their part gallantly in the war, the Dominions have become defaulters in time of peace and propose to leave to Britain alone a liability which, having been incurred for the benefit of the whole Empire, should be equitably shared by all its parts.

After a reference to the differences of opinion about the Lausanne Treaty and the proposed Protocol Conference, the article continued :—

Since then we have had the Canadian Prime Minister's blunt declaration that Canada was taking no hand in the Pact negotiations, and General Smuts's solemn and audacious warning to the British Government that it would proceed with the negotiations at its peril, and that "several Dominions are unlikely to adhere to any Security Pact." The climax is reached in the clause of the Pact which appears to justify this forecast.

The Treaty, we are told, expressly declares that no obligations are imposed on the British Dominions and India unless their Governments accept the Treaty.

Mr. Coates's references to the substantive provisions of the Pact in his speech at Helensville were excellent, but we trust that in a future speech he will take the sting out of this unfortunate clause, so far as New Zealand is concerned.

The Otago Daily Times of October 26 had no hesitation

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in dismissing the possibility of any Dominion's claiming "neutrality" under Article 9 as "simply unthinkable."

Public opinion (it said) in the self-governing Dominions is not so indifferent to anything that affects the fortunes and the possible fate of Great Britain as to submit to any repudiation, unpatriotic and pusillanimous, of concern in enterprises, even warlike enterprises, into which the Motherland may be drawn in honourable observance of her obligations.

After getting a majority in his own right by the verdict of the electors on November 4 and taking the opinion of his colleagues, the Prime Minister lost little time in announcing the decision of the Government. He improved the great Imperial occasion provided by the opening of the Dunedin Exhibition on November 17 in a very welcome manner :—

As far as this Dominion is concerned (said Mr. Coates) the Pact will be submitted in 'due course for ratification by our own Parliament; but we have already intimated to His Majesty's Government that the New Zealand Government has been satisfied to leave the negotiations in their hands, and that we will fall in behind them in whatever course seems to them necessary to ensure peace among the nations of Western Europe.

Ratification by the New Zealand Parliament is necessary, because the Dominions are expressly exempted by the terms of the Pact from its obligations, unless they elect to ratify it. Those obligations only exceed the Covenant of the League, to which New Zealand is a signatory, by the guarantee to Germany against attack by France—a negligible addition to our existing covenant to come to the aid of France, Belgium, and Italy against an attack by Germany. But if our responsibilities were materially increased by the Pact, I do not believe that any true New Zealander would desire to sever our country from the credit of the great achievement of the Locarno negotiations.

Public opinion, which was not focussed on this issue during the war of the hustings, has responded with alacrity to the Prime Minister's call.

New Zealand.

December 1, 1925.

LETTER FROM THE CHAIRMAN OF THE IRISH BOUNDARY COMMISSION

London, December 7, 1925.

Dear Mr. Baldwin,—

The Agreement of December 3 entered into between the British Government, the Government of the Irish Free State and the Government of Northern Ireland will, if it receives the necessary confirmation, relieve the Irish Boundary Commission of the duty of making an Award determining the boundaries between Northern Ireland the rest of Ireland. I am writing this letter to you on behalf of my colleague, Mr. Fisher, and myself, with reference to our position, as representing the Commission, in the new situation which has thus arisen.

Notwithstanding the fact that if the new Agreement is confirmed there will now be no Award, the Commission feels it essential that the Report which has been prepared to accompany this Award should still be presented, and this Report, as arranged at the recent conference between the Commission and the Representatives of the three Governments concerned, will be presented to the British Government.

It was, as you are aware, the desire of the Commission that its Report should be published with as little delay as possible, but the representatives of the Government of the Irish Free State and of the Government of Northern Ireland have expressed the view that publication of the Report, and especially of any portion of it which sets out and explains detailed decisions affecting particular areas, would hamper the attainment of the objects which both Governments have had in view in entering into the new Agreement.

I need hardly assure you that we are most anxious to do whatever we can to assist in securing the establishment of peace in Ireland on firm foundations, and that we do not wish to press any proposal which might in any way interfere with or prejudice the prospect, opened up by the new Agreement, that this great result will now be achieved by the united efforts of the Government of the Irish Free State and the Government of Northern Ireland.

Under the circumstances we feel therefore that we must defer to the views expressed on behalf of the two Governments, and concurred in by

Irish Boundary Commission

the British Government, and refrain from pressing for the publication of our Report at the present time.

You will, however, appreciate that the speculative and misleading statements which have been current, as to the character of our proposed Award and the basis of our decisions, make us regret very much that we are debarred from clearing up the position by stating exactly what we have decided and why. While therefore we feel that we must acquiesce in the proposed course of withholding, for the present at any rate, publication of our Report, we trust that publicity may be given to the following statement.

The Line embodied in the draft Award, which we had intended to sign, is the Line agreed upon by the Commission at meetings held before the 20th November, the date of Dr. MacNeill's withdrawal. The agreement reached by the three members of the Commission, with regard to embodying in a unanimous award the Line as recorded in the Commission's Minutes of the 17th October, has already been referred to in the statement which we issued for publication on the 23rd November. The Report has been compiled subsequent to Dr. MacNeill's withdrawal. The Commission had taken the view that a unanimous Award would render unnecessary and undesirable the presentation of a formal report entering into the pros and cons of the various questions raised before it, and into local detail; but the withdrawal of Dr. MacNeill rendered it in our opinion necessary that such a Report should be presented.

So far as Mr. Fisher and myself are concerned, we wish it to be known that our decisions with regard to the Line embodied in the draft Award have been based on certain definite views as to the correct interpretation of Article XII of the Articles of Agreement for a Treaty between Great Britain and Ireland, and the principles which should govern its application. These views are set out in the Report. But as the Report itself is not to be published now, we are stating them in similar terms, but in a condensed form, in this letter.

The Commission was at an early stage of its inquiry, before any sittings had been held for the hearing of evidence, invited to give in advance its decision on certain questions as to the interpretation of Article XII. The Commission declined to make any pronouncement on such questions at that stage, and intimated that it was prepared to give to all parties concerned opportunities of urging their views on such questions before the Commission, and that while reserving its decision on such questions it was prepared to hear and receive evidence in support of claims made affecting territory on either side of the border.

The Commission heard, both at the outset and at the close of its inquiry, argument by Counsel on behalf of the Government of the Irish Free State as to the interpretation of Article XII. The hearing of evidence and arguments on the subject of the claims made in respect of different districts occupied the Commission for several months, during which the Commission heard at length the views of both parties to the controversy, as voiced by the representatives of the various bodies and groups which appeared before it.

Various contentions with regard to the interpretation of Article XII of the Articles of Agreement for a Treaty between Great Britain and Ireland

Letter from the Chairman of the

and the principles which should govern its application, were put forward in the course of this long inquiry. For convenience of reference we will here set out the Article itself, which reads as follows :—

Article XII :—

If, before the expiration of the said month, an address is presented to His Majesty by both Houses of the Parliament of Northern Ireland to that effect, the powers of the Parliament and Government of the Irish Free State shall no longer extend to Northern Ireland, and the provisions of the Government of Ireland Act, 1920 (including those relating to the Council of Ireland), shall, so far as they relate to Northern Ireland, continue to be of full force and effect, and this instrument shall have effect subject to the necessary modifications.

Provided that if such an address is so presented a Commission consisting of three persons, one to be appointed by the Government of the Irish Free State, one to be appointed by the Government of Northern Ireland, and one, who shall be Chairman, to be appointed by the British Government, shall determine in accordance with the wishes of the inhabitants, so far as may be compatible with economic and geographic conditions, the boundaries between Northern Ireland and the rest of Ireland, and for the purposes of the Government of Ireland Act, 1920, and of this instrument, the boundary of Northern Ireland shall be such as may be determined by such Commission.

The principal questions raised by such contentions may be thus summarised :—

(1.) What is the meaning and effect of Article XII as viewed in relation to the Articles of Agreement as a whole ?

(2.) What is the scope of the powers and duties entrusted to and imposed upon the Commission by Article XII ?

This second question includes the following more specific questions :—

(a) In determining the future boundaries between Northern Ireland and the rest of Ireland, what regard is the Commission to pay to the existing boundary ? Is it the duty of the Commission to make an entirely fresh determination of boundaries, and to lay down a new line of division without regard to the existing boundary, or is the Commission required to start its work on the basis of the existing boundary, and to treat that boundary as holding good except where considerations of which the Commission is entitled to take account justify its alteration ?

(b) Does the Article enable the Commission, in determining the boundaries between Northern Ireland and the rest of Ireland, to shift the existing boundary in either direction, that is, either so as to include in the Irish Free State territory at present forming part of Northern Ireland, or so as to include in Northern Ireland territory at present forming part of the Irish Free State, or is the power of the Commission confined to shifting the boundary in one direction only ? In other words, is the Commission required, in carrying out its work, to respect the integrity either of Northern Ireland or of the "rest of Ireland" as defined by existing boundaries ?

(c) Can the Commission make changes in the existing boundary which involve the transfer of large areas and populations to one side or the other, or is its scope restricted to the making of minor modifications in the existing boundary ?

(3.) What is the relation between the three different factors mentioned as affecting the determination of boundaries—wishes of inhabitants and economic and geographic conditions ? In what sense is the reference to economic and geographic conditions to be understood, and what are the areas in relation to which such conditions are to be taken into account ?

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(4.) What qualifications entitle persons to rank as "inhabitants" whose wishes are to be considered, and by what procedure are the wishes of inhabitants to be ascertained ?

(5.) In considering the wishes of inhabitants with regard to the determination of boundaries, what is the position with regard to majorities and minorities ? Is unanimity to be required, or is a bare majority one way or the other to be sufficient ?

(6.) On what principle should units of area be chosen or defined for the purpose of ascertaining the wishes of inhabitants ?

We propose now to state the general conclusions reached by us as to the answers which should be given to these questions. The views stated in these answers are based on, and embody the results of, a full and detailed examination of the arguments advanced.

It is necessary to make one or two general remarks by way of preface before coming to the questions themselves.

The answers to be given to the questions stated depend—

(i) On the actual terms of the proviso to Article XII, which provides for the setting up of the Commission ;

(ii) On the proviso as considered in relation to the preceding clause of the Article to which it belongs ; and

(iii) On the whole Article as considered in relation to the other provisions of the instrument of which it forms part.

Further, the Commission was asked to take into account the historical circumstances which led up to the Articles of Agreement for a Treaty, and the conditions actually existing at the date when these Articles were signed, which, it was said, defined the nature of the problem which Article XII was intended to solve. It was urged that such circumstances and conditions throw light on the question of the interpretation which should be given to Article XII, and evidence bearing on this aspect of the case was received by the Commission.

In support of views advanced as to the interpretation of Article XII, evidence was also offered as to various statements made on the subject by signatories to the Articles of Agreement, both in the course of the negotiations and subsequent to the actual signing of the Articles, but the Commission regarded such evidence as inadmissible and declined to receive it.

The terms of the Proviso to Article XII which define the functions of the Commission are general and not specific. If this Proviso is compared with the provisions with regard to the settlement of boundaries contained in the Treaty of Versailles (Articles 88, 94/97 and 109) or in the Treaty of St. Germain-en-Laye (Articles 49/50), to which reference has been made in the course of arguments addressed to the Commission, a striking contrast is at once apparent. In the Articles referred to in those Treaties, general terms are employed, corresponding to but not identical with those contained in the Proviso to Article XII, but they are supplemented by a series of specific detailed provisions which give in each case precise directions (1) as to the extent of the areas to be considered, *i.e.*, the regions or areas which are recognised as being within the range of boundary variations, (2) as to the means by which the wishes of the inhabitants of such areas are to be ascertained (the method specified being a plebiscite for the conduct of which

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full provision is made in each case), and (3) as to the units of area which are to be used for the purpose of such ascertainment. Article XII gives no specific directions on any of these points, but leaves to the Commission discretion to determine these points for itself subject to the general terms used, and in the light of such circumstances as the Commission's examination of the actual position in the territory on either side of the existing boundary may reveal.

Having made these general observations, we now proceed to state the answers which should, in our opinion, be given to the questions stated above.

Our answers are as follows :—

(1.) The meaning of Article XII is that if the Address therein referred to is presented, Northern Ireland shall continue to exist as a province of the United Kingdom in accordance with the provisions of the Government of Ireland Act, 1920, subject to the "determination" of boundaries, for which machinery is set up under the Proviso, and its terms require that once such an Address has been presented the several Articles of Agreement for a Treaty shall be modified, so far as necessary to give effect to all the consequences which under the provisions of Article XII follow upon such presentation.

To the extent thus indicated, Article XII necessarily becomes on the presentation of such Address a governing Article in the light of which the other Articles of the Treaty must be read, and to which in case of conflict their provisions must yield.

(2a) The Commission is required by the Proviso to Article XII to "determine the boundaries between Northern Ireland and the rest of Ireland." Until the boundaries have been altered by the Commission, "Northern Ireland" is the region constituted as such by Section 1 (2) of the Government of Ireland Act, 1920; that is to say, the region consisting "of the Parliamentary counties of Antrim, Armagh, Down, Fermanagh, Londonderry and Tyrone, and the Parliamentary boroughs of Belfast and Londonderry," and "the rest of Ireland" is the region constituted as "Southern Ireland" by the same section—that is to say, the region consisting of "so much of Ireland as is not comprised within the said Parliamentary counties and boroughs." The Commission having to deal with these two ascertained territorial entities must start from the existing boundaries of those entities; that is, it must start its examination of the whole question on the basis of the division marked by the existing boundary, and must treat that boundary as holding good where no sufficient reason, based on considerations of which the Commission can properly take account, is shown for altering it.

(2b) In determining the boundaries between Northern Ireland and the rest of Ireland under the terms of the Proviso, the Commission has power to shift the existing boundary line in either direction—it has no more and no less authority to take land from the Northern Ireland side of the existing boundary and give it to the Free State than it has to take land from the Free State side and give it to Northern Ireland. It has the same authority and duty in each case, namely, to make whatever transfer of territory is involved by a determination of the boundary in accordance with the terms of the Article.

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(2c) The fact that the wishes of the inhabitants are to be a determining factor shows that the scope of the Commission's work is not limited to a mere correction of irregularities in the present boundary; at the same time, no wholesale reconstruction of the map is contemplated by the Proviso—the Commission is not to reconstitute the two territories, but to settle the boundaries between them. Northern Ireland must, when the boundaries have been determined, still be recognisable as the same provincial entity; the changes made must not be so drastic as to destroy its identity or make it impossible for it to continue as a separate province of the United Kingdom with its own parliament and government for provincial affairs under the Government of Ireland Act. The same principle applies *mutatis mutandis* to the "rest of Ireland," which must, after the determination of the boundaries, retain its identity as the Irish Free State as constituted under the terms of the Treaty, and be in a position to function as a self-governing Dominion "in the Community of Nations known as the British Empire."

The Commission starting its examination of the question on the basis of the existing boundary must first consider the wishes of the inhabitants adjacent to that boundary, and where it finds an area of sufficient size and population to merit separate consideration which is at present on the right side of the boundary, that is, on the side where its inhabitants wish to remain, the existence of that area will, in itself, be a reason against making an alteration which would involve its transfer to the wrong side, and help to indicate the point beyond which alterations intended to give effect to the wishes of the inhabitants should not extend.

No precise rule can be laid down as to the requirements which must be fulfilled in the case of individual areas in order to entitle the wishes of their inhabitants to prevail. The conditions of an individual area cannot be considered alone, but must be considered in relation to conditions in adjoining areas, and different factors, such as comparative numbers of population and strength of majorities, must be taken into account.

(3.) Under the terms of the Article the wishes of the inhabitants are made the primary but not the paramount consideration. The first point for the Commission to consider in dealing with a particular area is the question of the wishes of the inhabitants of that area, but such wishes are only to prevail "so far as may be compatible with economic and geographic conditions." The intention of the Article as indicated by its reference to such conditions is that the Commission should take into account the economic and geographic relations between different areas, and should avoid drawing a boundary line which, by its defiance of economic or geographic conditions, would involve, as the result of its adoption, serious economic detriment, or geographic isolation, to communities on either side of it.

It is therefore the duty of the Commission to overrule the wishes of inhabitants, whether for or against transfer, where the result of giving effect to such wishes would be incompatible with economic or geographic conditions in the sense indicated. On the other hand, economic or geographic considerations may give extra strength to a case for transfer which rests in part on the wishes of the inhabitants, but where the evidence available does not show the existence of a decisive majority in favour of transfer.

(4.) and (5.) "Inhabitants" in Article XII means persons having a perma-

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ment connection with any particular area concerned. Temporary or casual residence within an area cannot be regarded as qualifying a person to have his wishes considered on the question whether the permanent destiny of the area is to be in one country or another.

The Article contains no provision for ascertaining the wishes of inhabitants by a plebiscite taken for the purpose, which is the only means by which precise figures as to the wishes of the inhabitants could be ascertained. It is clearly impossible to conduct a plebiscite in the results of which any confidence could be placed, except under the authority of special legal provisions of a comprehensive and stringent character.

The absence from the Article of any provision for a plebiscite affords ground for inferring (1) that it was not the intention of the parties to the Treaty that the Commission should ascertain the wishes of the inhabitants in that manner, and (2) that it was not intended that the Commission should, in seeking to give effect to the wishes of the inhabitants, rely on the verdicts of bare majorities as sufficient to justify alterations of the existing boundary.

As it has not been open to the Commission to ascertain the wishes of inhabitants by a direct vote, the Commission has necessarily had recourse to other sources of information, such as census returns, election results and evidence of person claiming to speak on behalf of inhabitants in different areas or to have knowledge of their views.

The Commission has been invited by both parties to the boundary controversy to rely upon the census returns of 1911, showing the religious denominations to which inhabitants belong, as affording an indication of the wishes of the inhabitants—the members of Protestant denominations being reckoned as wishing to be in Northern Ireland and Roman Catholics as wishing to be in the Irish Free State. The evidence heard from both sides, taken as a whole, strongly supports the view that in the areas to which it relates religious and political divisions do to-day, broadly speaking, correspond, and that, apart from special circumstances affecting limited areas, the 1911 census returns may still be relied upon as showing with approximate accuracy the proportionate numbers of Catholics and Protestants in the different districts.

In examining these census returns for the purpose of ascertaining the wishes of inhabitants, allowance must, however, be made for many factors which cannot be determined with precision—*e.g.*, the extent to which the returns include temporary residents who are not entitled to be reckoned as inhabitants, or persons under age and therefore not qualified to vote.

The question of what majority of the inhabitants, estimated on the basis of census figures and the other information available, should be regarded as sufficient to justify an alteration in the existing boundary is a question to be determined by the Commission according to its discretion, with due regard to the above considerations, and to facts disclosed in the course of its inquiry as affecting particular areas.

With regard to the exercise of the Commission's discretion on this question, while unanimity is neither to be expected nor required, the Commission should adopt the principle that the case for a change on the basis of "the wishes of the inhabitants," apart from economic or geographic considerations one way or the other, is not made out unless the majority in favour

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of the change appears to be a substantial majority—*i.e.*, a majority representing a high proportion of the total number of persons entitled to rank as inhabitants of the district directly concerned.

(6.) The Commission, being required to determine the boundaries in accordance with the wishes of the inhabitants, should seek, in those areas which are recognised as falling within the range of boundary variations, to follow the wishes of inhabitants as closely as is reasonably possible, and should therefore be prepared to take as a unit of area in relation to which the wishes of inhabitants are to be ascertained the smallest area which can fairly be entitled, having regard to its size and situation, to be considered separately, and with regard to which separate data are available.

If the Commission were to adopt the suggestion that large areas such as the County or the Union should, on administrative grounds, be regarded as indivisible units, it would find itself compelled on such grounds to refuse to treat separately particular portions of a county or union where the inhabitants differed from the majority in the county or union as a whole, and therefore to override the wishes of the inhabitants of such portions. The Commission would thus in effect be setting up a new factor, administrative considerations, as superior to the wishes of the inhabitants.

The Commission, not being required to adopt any particular type of local division as the unit of area in reference to which the wishes of the inhabitants should be ascertained, is free to mark out, for the purpose of its work, as occasion requires, convenient units of area in the light of the three factors which it is required to take into account—wishes of inhabitants, economic and geographic conditions.

The decisions of the Commission with regard to the new boundary, as embodied in the draft Award, were arrived at in accordance with the views above set out as to the interpretation of Article XII, and the principles which should govern its application and represent, as we believe, a fair estimate, based on all the information available and evidence received, of the different factors which the Commission was required by Article XII to take into account.

While we may regret that the agreement of 3rd December has been so framed that, by reason of its provisions, our decisions are not now destined to take effect, we would again express, in concluding this letter, our earnest hope that the larger settlement, accepted by both Irish Governments, for which the Agreement provides, may bring to the people of Ireland benefits far greater than any which could have resulted from a new determination of boundaries, even if embodied in a unanimous Award.

I remain,

Yours very truly,
RICHARD FEETHAM.

THE CRISIS IN WORLD AFFAIRS

THE events of the last six months, the fiasco at Geneva, the Houghton report about Europe, the Russo-German treaty, have inflicted on public opinion an abrupt shock, a shock which was in vivid contrast to the complacent idealism in which it had indulged for a few weeks after the publication of the Locarno treaties. This shock, as a matter of fact, is a good thing, for the realities of the world are very different from the luminous haze in which Locarno was consummated, and no solid structure can be built on anything but a clear recognition of what the facts are. The truth is that the underlying assumptions upon which the thoughts of the Allied world have been based since 1919 have begun to break down. Those assumptions were that the permanent, as opposed to the temporary, features of the Treaty of Versailles and the other peace treaties created a satisfactory foundation for a new and better era in Europe, and that the present Covenant of the League of Nations laid an adequate foundation for a new and better way of settling international disputes. It is now becoming doubtful whether these assumptions are going to be realised, at any rate in their original form.

I. THE PROBLEM OF EUROPE

THE world war which broke out in 1914 was the outcome of three major causes. The first was nationality, the denial of the right to an autonomous existence to the Poles, Czechs, Jugo-Slavs and other oppressed nationalities and the difficulty of finding an adequate "place

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in the sun" for the new, powerful and expanding German Empire created by Bismarck in 1870. The second was the conflict between two irreconcilable ideals of government, the one based upon liberty and democracy, the other on discipline and obedience to autocratic authority. The third was the fact that there was no means of considering or settling international disputes between the nations save the methods of diplomacy and war.

The war produced a solution, or a partial solution, of all these problems. The peace treaties gave an independent national existence to all the nationalities in Europe, and re-drew the frontiers on lines which were substantially just, though they contained details, and important details, which still require rectification. The war itself destroyed dynastic government throughout Europe up to the Russian border. The Covenant of the League created at Geneva an entirely novel instrument for the settlement of international disputes by the method of discussion and negotiation in open international conferences attended by all nations.

Thus the armistice did open a new era in the history of Europe and the world. The foundations are undoubtedly better than they were in 1914. Moreover, considering that the most violent and bitter war of history terminated less than eight years ago, Europe has made good progress out of the war passion which was inevitable after four years of the most intensive destruction of life and property that the world has seen. Most of the specially severe and temporary features of the peace settlement are being modified. The Reparations issue, though it has probably not yet reached its final solution, is now in a manageable form. The evacuation of the Rhineland has begun. Locarno made headway with the problem of security and marked the official reconciliation between the allied and enemy Powers. A preliminary conference on disarmament, though the omens for its success are not encouraging, has been debating at Geneva.

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None the less, Europe is still far from that stable basis which is necessary for lasting peace. There are four major problems which are still unsolved. The first is that of modifying the frontiers of Eastern Europe. Though the peace treaties gave freedom to nationality throughout Europe, they left certain hotly disputed frontier questions in the East. The most important of these are the Polish corridor, the partition of Silesia, the Hungarian frontier in Transylvania, the Polish-Russian frontier and the analogous problem of the Austro-German *Anschluss*. Every investigator agrees that the situation in Eastern Europe, though fundamentally better than it was in 1914, is unstable. The League of Nations and the Polish-German and Czecho-German arbitration treaties create some ground for hope that these difficulties, when they arise in an acute form, will be settled peacefully. But the arbitration treaties only cover part of the ground and Russia is not a party either to the League or to arbitration treaties.

The second unsettled problem is to find the foundation for lasting political stability in Europe. The central fact is that stability in Europe to-day rests upon the military preponderance of the continental allies, France, Italy, Czecho-Slovakia, Poland, Jugo-Slavia and Rumania. It is quite certain, however, that this system cannot last. It may be upset by Russia, when she recovers her strength. It may be upset by a split between the allies themselves. It may be upset by Germany, which is potentially the most powerful State in Europe, and certainly will not acquiesce for ever in the demilitarisation of part of her territory and in being denied the elementary right given by international law to every State—that of having armaments for self-defence roughly equivalent to those of her neighbours. Yet, when the present method of stabilising Europe by maintaining an overwhelming military preponderance in support of the Treaty of Versailles disappears, what is to replace it? Is it to be a new balance of power with all that that entails, or some system of all-round limitation

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of armaments as contemplated by the Covenant, which will lead on to federation? Europe can only be stabilised in one of three ways—by the predominance of one group, by the balance of power, or by federation. Which is it to be? At present it is the first, and this, as all history shows, is the least stable of all.

Thirdly, there is the problem of "expansion," that is, of finding the means of making such alterations in the political structure as may be rendered necessary in future by changes in the numbers or might or standing of the different European Powers. This problem presents itself in a vast number of ways, but at the moment it arises in two main forms. The most urgent is the case of Italy. The population of Italy is said to be increasing at the rate of 500,000 a year, and neither her soil nor her manufacturing development is likely to enable her to support it at home. Liberal and democratic countries are inclined to attribute the continuous and incessant demands of Signor Mussolini and the Fascists for a "greater Italy" to their worship of force and to the phrases and ideas which they seem to have taken over from the militarist philosophers of Prussia. But behind much bombast about her future being on the seas is the solid fact that modern Italy not unnaturally does not want to lose her population to other countries and is demanding a colonial "place in the sun." Similarly with Germany. One of the causes of the war was the difficulty of giving the new, united, robust Bismarckian Germany, which succeeded the old, divided, weak Germany in 1870, adequate elbow-room in the world. This difficulty helped to produce in Germany the conviction that she was being deliberately "encircled" and that she must break out across the seas by force, and to produce in the rest of Europe the conviction that Germany was preparing to dominate all Europe by military power. The war, while it has temporarily removed the urgency of the problem, has made it in the long run more difficult. Germany to-day occupies a smaller area in Europe than she did in 1914.

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many of her people are now under alien rule, and she has been deprived of all her colonial possessions. Yet her vigour is as great as ever and her population is rapidly increasing. The old agitation for a rightful "place in the sun" comparable to that enjoyed by Great Britain, France, Russia, or the United States is certain sooner or later to revive. Indeed it has already reappeared in an active agitation for the return to Germany of her old colonies.

The "colonial" problem or the problem of "expansion" is a very real one. It has always been one of the greatest causes of war. It cannot be solved by ignoring it. Its solution, however, is extremely difficult. There are now no areas left in the world suitable for white colonisation which are not already self-governing democracies. The idea of self-determination has cut at the root of imperial expansion, for all backward peoples are now in training to govern themselves. It is obvious that no single tropical colony can satisfy the need of a modern industrial State for supplies of raw materials or for markets for its manufactured articles. The establishment of the "open door" all over the world, both for the purchase of raw materials and for the trade and commerce of all nations, is of vastly more importance to every industrial State than the possession of any colony. There is real substance in the claim that those Powers which possess vast territories or vast overseas possessions should consider the needs and claims of less favourably situated peoples more seriously than they have done. There will certainly be serious conflict over this question in the future unless they do so.

The fourth and final problem is that of the League. An essential element in the general scheme for the permanent settlement of Europe was that all its inter-State problems, including the three just discussed, should be settled not by war but by the procedure contemplated in the Covenant of the League of Nations. That is to say, the peoples of Europe were to reduce their armaments to the minimum necessary for defensive as opposed to offensive action

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there were to be no alliances or military groups within Europe, and their disputes were to be adjusted by discussion or arbitration or some similarly pacific method, under the control of the League. How far has this ideal been realised?

On the one side there are some very unfavourable signs. As already pointed out, there is as yet no equality of armaments but a vast preponderance on the allied side. Russia is outside and hostile to the League. Germany is not yet in the League. The political treaties between France, Poland and Czecho-Slovakia, between Italy and Jugoslavia, and within the Little Entente are something not very far removed from an alliance system directed against the ex-enemy Powers. The Russo-German treaty, though technically consistent with the Covenant, might quite easily be developed into a counterpoise on the opposite side. Democracy, which is an essential foundation for any successful League, has almost disappeared from Italy, Spain, Greece and now apparently from Poland, and has been replaced by intensely nationalist despotisms. On the other hand, there are certain favourable symptoms. There is no doubt that the Geneva organisation is becoming increasingly an integral part of the European political system. Even though its meetings do not always manifest that calm and judicial temper which is desirable, the problems of Europe are considered there as a whole and by representatives of all her peoples, and it has a secretariat which has established a world-wide reputation for efficiency and impartiality. The treaties signed at Locarno to ensure arbitration and to prevent war are a step in advance. As another article in this review shows, the conviction is rapidly growing in Europe that unless her peoples can learn to hang together economically by a general reduction of tariffs, they will, as Benjamin Franklin said, hang separately.

Looking at the position as a whole, perhaps it would be fair to say that Europe, all things considered, has made a wonderful recovery from the era of war and so-called recon-

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struction that she is, however, faced by a number of immensely difficult problems, some old and some new, and that no one can yet predict with confidence whether she can unite to solve these problems along the collective lines provided for in the League or whether she will drift back into the old system of alliances making an unstable balance of power, which inevitably, as all history shows, means that she will be forced to solve her difficulties by the terrible and destructive arbitrament of war.

II. THE LEAGUE OF NATIONS

IF the future of Europe is uncertain, so is the future of the League. For this there are two main reasons. The one is a general, but let us hope temporary, decline in the co-operative spirit among the nations, without which the League cannot function. The other is a weakness in the structure of the League itself.

During the war most thinking people came to see that, apart altogether from the specific issues which were at stake in the war, such as nationality, freedom and democracy, the ultimate cause of war is the division of humanity into a large number of entirely separate sovereign States and the absence of any co-operative mechanism for enabling them to conduct the world's affairs together. It is clear that war will remain an endemic feature of civilisation so long as its peoples live in politically water-tight compartments. Nobody saw this more clearly than Woodrow Wilson. In fact, he saw it so vividly that until the German submarine campaign awoke him with a start in January, 1917, he almost forgot that the first step towards the creation of that League of Nations, which he recognised was indispensable if war was ever to be abolished, lay in the overthrow of the militarism of Central Europe. Accordingly, it was with general consent that the Covenant

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of the League of Nations was incorporated in all the treaties as an essential element of the peace settlement.

Since then, what has been its development? The League has certainly established its position as the central international organism in the world. It has no rival. It has also accomplished much useful work both in the settlement of secondary international disputes, in the activities of the International Labour Office and a thousand minor ways. As already explained, its secretariat is a novel instrument of immense significance to the world. Certain Powers, notably Great Britain, France and the majority of the smaller States of the world, have become increasingly convinced of the importance and utility of the League as an international organism. If Germany is admitted this year it will be definitely established as an indispensable factor in the political life of Central and Western Europe. On the other hand, the League has not developed quite "according to plan." All nations have not become members. Fascist Italy, though a member of the League, seems to be becoming increasingly critical both of its ideals and its methods. None of the really first-class problems of world politics have yet been solved by the League. The limitation of naval armaments and the problems of the Pacific were dealt with at Washington. The Reparations problem was settled in London. The security pact was the product of Locarno. The first time that a problem of first-class importance came to Geneva—the admission of Germany to the Council, a step which was bound to alter the political face of Europe—the League failed of success. The evidence, therefore, from practical experience about its future is not conclusive.

Moreover, since 1920 there has been a gradual change in public feeling about the League. On the one hand, the conviction, which at first was world wide in its scope, that the choice lay between world organisation and world war, has in great measure been weakened, especially outside Europe. The instincts of national egotism, national

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indifference to world affairs, and national ambition have begun to reassert themselves. If this return to nationalism continues, it is only a question of time for the true League spirit—a willingness to look at international problems from a human rather than a purely national standpoint—to disappear altogether, and for the nations to begin to line up again in armed groups, alliances, or isolated fragments, which will drift along preoccupied with their own affairs until they are rudely awakened by the roar of the guns, as they were in 1914. On the other hand, the general expectation that despite preliminary set-backs the League would soon come to comprise all the nations is almost certainly not going to be realised, at any rate so long as the Covenant is in its present form. Russia is as hostile as ever. Public opinion in the United States is even more set than before against "entanglement" in European affairs. The nations of Asia and South America feel a loyalty to the League which is clearly something quite different to the loyalty felt by the nations of Europe.

The truth is that the international perspective which ruled between 1914 and 1920 was distorted and the Covenant which was drafted during this period is also distorted. Europe and her problems loomed unnaturally large and Europe as a whole has not yet come to realise that this was so, and how much it has to do with the present difficulties of the League.

For many centuries before 1914, Europe has been the motherland both of colonisation and civilisation. During the war and the peace conference she drew the attention of the whole world to her affairs. In the last year or two, however, there has been a marked change. Both the Americas and Asia have begun to draw away from Europe. In their eyes her old prestige has greatly fallen. Europe has shown herself not so much the cultural centre of the world as the home of militarism, racial hate, division and war.* Neither the American continent nor Asia is now

* See "The Inwardness of the Indian Problem," page 502 of this issue.

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willing to concede undisputed pride of place to the European Powers, or to allow them to interfere, as of old, in their own affairs. The real significance of the Brazilian veto on the entry of Germany into the League last March is that it was a symptom of this increasing reluctance on the part of the non-European States to allow the European Powers to dominate the League and practically to monopolise the permanent seats on the Council. To-day seven seats on the Council are held by European Powers, two by American Powers, and one by an Asiatic Power. Further, not only do the non-European peoples not wish to be dominated by the European peoples, but they are increasingly reluctant to be entangled in any shape or form in the internal disputes of Europe. This is manifestly true of the United States. It is becoming true of the Dominions, and especially of Canada. It is really true of the South American Republics, for their interest in the League is not primarily interest in Europe or reliance on the League's good offices in South American problems. It is largely because membership enables them to show their independence of the over-shadowing power of the United States and its Monroe doctrine. It is true also of the Asiatic Powers who come to Geneva largely because it helps their status in the world.

The plain matter of fact is that the League is faced with the alternative of either becoming a purely European institution, the nucleus of some future European federation, associated with the rest of the world only for the discussion of relatively non-political problems, or else of devolving the settlement of the internal problems of Europe on to some regional body within or without the League, in such a way as to leave the members of the League only directly involved in matters which are truly of world importance. It is perfectly obvious that the same organism cannot handle both world problems and the internal problems of Europe. If the League ideal is to be realised, its spirit must be strong enough to unite the whole world for the purpose of dealing

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with world affairs and to unite the whole of Europe together for the purpose of dealing with European affairs. The attempt to run the two things in double harness is one of the principal reasons why some nations stand aloof from the League and why the League itself does not function more perfectly.

III. GREAT BRITAIN AND LOCARNO

THESE considerations have a vital bearing on the problem both of British foreign policy and of the diplomatic relations inside the British Empire itself. Great Britain is the most important unit in the British Commonwealth of Nations. She is, owing to her geographical position, specially concerned with Europe, a continent whose affairs are not of equal moment to the other members of the Commonwealth. She is, moreover, interested in the politics of the rest of the world not less than she is interested in those of Europe, because the Empire is scattered all over the world and because she is a party to the extremely important treaties signed at Washington in 1921 dealing with naval armaments, the Pacific and the Far East. Her foreign policy, therefore, must be one which enables her to protect her interests and play her part in all three spheres, the Imperial, the European and the world wide one.

Is it not clear that her ancient diplomatic tradition of limited entanglement in the internal problems of Europe is as sound to-day as it ever was? It is obvious that Great Britain had to take an active part in the re-settlement of Europe after the world war. It is obvious that she has the same interest in the corner of Europe which comprises Belgium and Holland as ever. It is obvious that war anywhere in Europe is of vital interest to her, because of its liability to spread. It is obvious that she is interested in the security of France, her next-door neighbour, and in

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the maintenance of friendly relations with her, provided that friendship with France is compatible with friendly relations with Germany also. But it is surely also obvious that for permanent purposes she must stand outside the day-to-day internal political life of Europe, so that while she is concerned with those aspects of it which are of general world concern, she is not part and parcel of its internal political system or balance of power. It is only by maintaining this relative detachment that she can gain that freedom necessary to fulfil her functions in other parts of the world.

At present her foreign policy hardly conforms to this basic principle. It is true that one of the conditions laid down by the British Cabinet before the Locarno negotiations was that Great Britain should not enter into engagements of any kind about Eastern Europe, other than the somewhat vague ones embodied in the Covenant of the League. But, in fact, the Locarno Pact commits her very heavily in Europe. At the time when the Pact was initialled and submitted to Parliament for ratification, this review* expressed grave doubts about some of its cardinal features. But inasmuch as the Pact represented the first real agreement which had been come to between France, Germany and Great Britain since the war, and as it had to be accepted as it stood or rejected altogether, it considered the evils of ratification to be less than the evils which would follow rejection. It adheres to this view, and if the Treaty comes into effect next September through the entry of Germany into the League, it will loyally abide by its terms. None the less, it feels it essential to point out clearly the weakness of the Locarno system. Thanks to the chorus of uncritical approval with which the Pact was received, neither Great Britain nor the Empire seem to have realised what the true nature of the Locarno Pact is, or the commitments which it involves.

* THE ROUND TABLE, No. 61, December, 1925, p. 3.

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The purpose of the Pact is quite simple. The signatories "guarantee" the "territorial *status quo*" of the present Franco-German and Franco-Belgian frontiers and the demilitarisation of the Rhineland as provided for in Articles 42 and 43 of the Versailles Treaty. The guarantee takes the form of an undertaking that, inasmuch as Germany, France and Belgium have solemnly undertaken that they "will in no case attack or invade each other, or resort to war against each other," the signatory Powers "will each of them come immediately to the assistance" of the aggrieved party, either when the Council of the League declares that war has been made upon it, or a breach of the demilitarisation clause has been committed, or when the violation has been "flagrant" and, in the opinion of the signatory Power, is "an unprovoked act of aggression," and where (also in its opinion) "immediate action is necessary," without waiting for the decision of the Council of the League. It is not necessary for the purpose of this article to discuss exactly what this obligation implies. Obviously an expert lawyer could argue either that it meant a great deal or almost nothing at all. The question of interpretation, of course, is a very vital one. But for the moment we are concerned with the basic principles of the Pact rather than with the exact meaning of its terms.

There can be little doubt that the Locarno Pact involves Great Britain very deeply in the internal politics of Europe. Great Britain makes herself, in a far more formal way than did the Treaty of Versailles, the guarantor of the demilitarisation of the Rhineland for an indefinite period. If either France or Germany move troops across its border, they commit an act which in many cases must be, and in all cases may be, a *casus belli* or *casus fœderis* for Great Britain. How seriously the Treaty is interpreted by the other signatories can be seen from two speeches. On the one hand, when M. Paul Boncour introduced the Locarno Pact for the approval of the French Chamber of Deputies

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on behalf of the French Government, he said, according to the Paris correspondent of the *Manchester Guardian*, that

the one outstanding merit of the Rhineland Pact made at Locarno was that it saved and perpetuated the glacis of the neutralised Rhine valley from Holland to Switzerland which protected the French frontier. Hitherto Article 44 of the Treaty and Clause 16 of the Covenant had given France only the vaguest and least tangible assurances. Now, for the first time, France had the explicit guarantees of Great Britain and Italy for this supreme essential bulwark of the Versailles Treaty. (He went on further to add) In Article 4 of the Rhineland Pact any flagrant violation of the demilitarised left bank of the Rhine would *ipso facto* bring into play the promised guarantee. Action would come first. Reference to the League of Nations could come afterwards.

On the other hand, when Herr Stresemann was justifying the Pact to Germany he declared, apparently with the approval of the British Foreign Office, that

when the British Foreign Minister declared at the Conference of Locarno that in the event of an unprovoked conflict Great Britain's entire power would be at the disposal of the attacked party, this implied that the same guarantee was also at the disposal of Germany should France without provocation violate the German frontier and march into Germany.

There seems to be little doubt, therefore, that the Continent believes that Great Britain has committed herself to go to war if either France or Germany violate the demilitarised zone to any serious degree.

If France, Germany and Belgium were the only Powers in Europe this guarantee might not be very formidable. But in the present state of Europe there are some other factors of vital importance which cannot be ignored. The first is that the next serious conflict, like the last, is likely to start in Eastern Europe, that if such a conflict does start there, France and Germany will probably be drawn in, and that if they come to blows those blows will commence in the demilitarised zone. Though Sir Austen Chamberlain went to Locarno proclaiming that Great Britain would accept

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no liabilities in respect of Eastern Europe, the Pact makes it practically inevitable that any serious Eastern conflict will, in fact, involve Great Britain because it will involve the Rhineland. The second factor is that the Locarno Pact, unlike the Protocol, is not made conditional upon an agreement being reached about the limitation of armaments. France and Germany, Poland and Germany, Czecho-Slovakia and Germany undertake not to go to war with one another, but, in fact, France maintains an army of 672,582 men, Poland of 270,286 and Czecho-Slovakia of 121,000, while Germany is limited by treaty to 100,000. Is it conceivable that a great and rapidly recovering Power like Germany will be content to remain indefinitely in this defenceless condition? This element, at any rate, in the Locarno arrangements is not likely to last. Moreover, if France and her allies refuse, as they are legally perfectly entitled to do, to bring down their armaments or to allow Germany to increase hers, and a serious conflict breaks out in the Rhineland, what will the position of Great Britain be? Will she be bound to go to war with Germany, because she has refused to submit indefinitely to remaining disarmed in the face of armed neighbours, or will she have to go to war with France because her army crosses the demilitarised zone in order to compel Germany to remain disarmed? The third factor is the demilitarised zone itself. How long is it likely that a recovered Germany will agree to leave her vital Ruhr zone at the mercy of a French attack and not to move her own soldiers up to the borders of her own country?

The Locarno Pact may be an inevitable stage in the gradual transition of the European Powers from the relations which were appropriate at the end of the war, towards the normal conditions of peace. The Locarno idea, that is, that the late enemies, France, Germany and Great Britain, should voluntarily sign some mutual treaty accepting as final the Western frontiers as drawn in 1919, was wholly to the good. But the Locarno Pact itself does

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not seem to meet the permanent needs of the situation, or to have the elements of stability within itself. It attempts to perpetuate a state of affairs in the Rhineland which cannot, in the nature of things, be permanent. It looks, indeed, as if the principle upon which it is based—which seeks to found security in Europe on treaties jointly signed by potential enemies—was in course of being abandoned in the new combinations which are apparently in process of formation between France, Italy and the Little Entente, for the maintenance of the *status quo* in South-Eastern Europe and which certainly are not intended to be countersigned by Germany also. The arrangements for arbitration only apply to part of Europe and not to those parts which are most likely to breed war. It involves Great Britain, in defiance of a very ancient diplomatic tradition, far more deeply in the internal politics of Europe than she has ever been since the abandonment of Hanover. It cannot be acceptable to Germany for long unless agreements about disarmament and other things are added to it. We do not believe that France will continue to rely upon it as its highly artificial foundations gradually become plain to all.

Locarno, therefore, in our judgment, is only a step in post-war political developments in Europe. Europe will not arrive at even relative stability until the present great inequality in armaments is diminished, until a new balance is reached in place of the present allied preponderance, and until a separation is effected between the League which deals with world problems and that which is concerned with the internal affairs of Europe itself.

Perhaps the greatest difficulty about Locarno is that the Treaty contains no provision for ending it or altering it. It remains in force until one year after the Council, "voting at least by a two-thirds majority, decides that the League of Nations ensures sufficient protection to the High Contracting Parties"—that is, practically indefinitely. This seems to us a very serious defect. International peace

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depends enormously upon the sanctity of treaties. Unless nations can rely upon their neighbours' signatures meaning what they can reasonably be held to mean, there can be no trust or confidence or peace in international dealing. But if disregard of treaty obligations is one potent cause of war, the difficulty of altering treaties when they no longer meet the needs of the situation or command general support is, perhaps, an even more potent cause. In this case if the Locarno Pact comes into effect, it ought to be loyally obeyed. But inasmuch as for reasons already given it manifestly offers no permanent solution of the problem of security, all parties ought, as soon as possible, by agreement, to bring it into line with the Washington Treaties and most other international instruments of a political kind, and either put a time limit to its operation or make provision for a periodic conference of revision.

So far as the permanent aim of Great Britain's policy in relation to Europe is concerned, we think that it can be simply summarised as follows. The fundamental basis of her traditional policy is sound, subject to the modifications which are necessary owing to the shrinking of the world through the annihilation of time and space by electricity, steam and oil. She ought to remain actively concerned to maintain the status of Belgium and Holland, renewing, if necessary, that guarantee to Belgium which everybody now understands and which no one is ever likely to challenge again. She ought to maintain her friendly association with France, provided that that is made compatible with the growth of friendship with Germany also. She ought to use every endeavour to strengthen the influence and authority of the League of Nations in world affairs, as the largest single safeguard against war which now exists. She ought to promote by every means in her power a League of the European Powers to deal with the internal problems of Europe, but she ought not to be a member of the European League, but only of the World League, a League, of course, which concerns itself with Europe as with other

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continents, but only when its affairs become of general importance to the rest of the world. Close association with the internal problems of Europe was inevitable in the period immediately succeeding the war. But only by detachment from active participation in the day-to-day settlement of these internal problems will Great Britain be able to recover her freedom of action elsewhere.

IV. IMPERIAL DIPLOMACY

THERE is one other aspect of the present international situation to be considered. Article 9 of the Locarno Pact provides that the Pact "shall impose no obligation upon any of the British Dominions, or upon India, unless the Government of such Dominion, or of India, signifies its acceptance thereof." This clause, which was practically inevitable in the circumstances of the time, is an open and frank acknowledgment of the break-down of the system of joint and collective conduct of the diplomacy of the British Commonwealth which had come into effect with the creation of the Imperial War Cabinet of 1917, a system which rested upon the theory that in all its main features British foreign policy should be an agreed policy, and binding upon all the peoples of the Commonwealth.

Whether this break-down is due to the reluctance of most of the Dominion Governments to consult effectively with Whitehall, or whether it is the outcome of the inherent difficulties in the way of real consultation between six Governments situated all over the world, we need not pause to consider. But the break-down itself has naturally given rise to a good deal of controversy. The question has been asked, and asked pertinently, "If the system of a joint and collective foreign policy has broken down, what is to be put in its place? Are the Dominions to resume the 'colonial status' under which Great Britain conducts the foreign policy of the Empire as her own and the Dominions are

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involved in war by a British declaration of belligerency?" The view of THE ROUND TABLE on this question is quite simple. For the moment, the system of collective diplomacy has broken down. It is manifestly neither right nor possible to return to the "colonial" system. Canada, Australia, South Africa and New Zealand are nations and must be responsible for their actions in the foreign no less than in the domestic field. But it is as essential as it has ever been that the unity of the Commonwealth should be preserved. Nobody will be benefited by the break-up of an organism which stands for law, freedom and peace all over the world, and which is the only Commonwealth yet devised which has been able to combine autonomous nationhood with membership in a larger unity. The foundations for the solution of the Imperial problem of to-day are the same as in the past, unity and responsibility. The practical question is to find the means of reconciling the two in the international sphere.

It is clear that the answer will not be easy to find, partly because the preoccupation of Great Britain in international questions is still much greater than that of the Dominions, partly because the attitude of Canada to her problem is completely different from that of Australia, and the attitude of South Africa from that of New Zealand. It is essentially a problem which ought to be discussed frankly at an Imperial Conference before any decisions are arrived at.

A suggestion, however, has recently been made in Canada which seems well worth consideration. It is analogous to the main idea which has been running through this article, that, if Europe is to arrive at unity and peace, if the League is to deal effectively with world problems, if the United States is ever to enter into that active association with its fellow nations without which another world war cannot be prevented, if the British Commonwealth is to be maintained, it is essential that the fundamental distinction between world problems and regional problems should be recognised both in the policy of the nations and in the

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organisation of the League. The Canadian suggestion is that it ought not to be impossible to devise a workable system based upon the idea that each part of the Empire should be primarily responsible for dealing with the international problems of its own area, but that directly these problems began to assume an aspect which affected the other parts, or which threatened to result in war, the matter should become one for the Empire to deal with collectively.

This, indeed, is the idea which is implicit in the Imperial Conference Resolution about foreign policy of 1923. Under such a system Great Britain would be primarily responsible for dealing with European problems and would no longer try to maintain the fiction that the Dominions took any real share or any real responsibility for dealing with them; Canada would deal with its North American questions, South Africa with its African problems, Australia and New Zealand with their Pacific questions, as in fact they do to-day; but as soon as any really serious issue arose anywhere affecting the Empire as a whole, or threatening general war, they should instantly take counsel together and act collectively, through the League or otherwise as circumstances required. It is suggested that an arrangement of this kind would fit the realities of the present world situation, would get rid of the "colonial" status difficulty, and yet would preserve the unity of the Commonwealth in all fundamental issues. On the other hand, it would not solve the difficulty presented by Locarno. The Locarno Pact is a treaty whereby Great Britain undertakes in certain eventualities to go to war in Europe. That can hardly be described as a purely regional matter. Some at least of the Dominions are not now ready to countersign it. None the less, the suggestion is well worth exploration. It in no way, of course, detracts from the proposals repeatedly made in these pages for better diplomatic communication between the different nations of the Empire and between the Dominions and the outside

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world. In fact it would make them more urgently necessary than ever, while it would remove the present chief impediment to their growth, the feeling which exists overseas that they may end in involving the Dominions in political and warlike commitments in Europe which they do not understand and in which they are not directly concerned.

V. CONCLUSION

THE purpose of this article is not to arrive at any very concrete conclusions. It is rather to survey the broader aspects of the international and inter-Imperial problem as a whole before the Imperial Conference assembles. From that standpoint two main conclusions seem to stand out. The first is that unless the nations live up to the truth which was the outstanding lesson of the great war, that the only alternative to another world war is that they should relinquish their self-centred nationalism sufficiently to learn to co-operate together, they will inevitably drift back to that system of alliances, isolation and balance of power which invariably ends in world war. The second is that neither the League of Nations nor the British Commonwealth system will function properly unless the fundamental idea underlying the federal system is applied to both, so that the consideration of the domestic problems of Europe or of any other region can be separated from the consideration of those problems which are of interest and concern to the world as a whole.

So far as the Empire is concerned, since the war and owing to the war, Great Britain has been drawn into the complex of European politics to a greater extent than is normal or sound as a permanent policy. That fact is one of the causes of the present difficulty in conducting the foreign policy of the Commonwealth. It is not reasonable to expect the overseas nations of the Empire to regard

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themselves as being collectively responsible for policies which concern the tortuous internal problems of Europe itself. The reasonable basis of association is surely that the nations of the Empire should recognise that they are equally concerned with world problems, with problems which may end in general war, and with problems which concern the vital interests of any member of the Commonwealth or the Commonwealth as a whole. With such problems they ought to deal collectively and with joint responsibility. Local international problems might be dealt with by each member nation on its own, informing its fellows of what is going on, but not expecting them to share responsibility until they are called in to share in the direction of policy also.

It is the same with the League and especially with the main question which will come before it next September—the admission of Germany to the League. We have no special solution to offer of the difficulty which proved insuperable last March. We would only urge that the permanent seats should be confined to those Powers which can reasonably be called Great Powers, that Great Powers should be recognised as those only which are in a position to take effective international action to defend and support the decisions of the League, and that the Council should not be enlarged to the point which will impair its capacity for effective action. Twelve should be the maximum number. But we feel sure that the earlier vision of the League as an instrument for uniting all nations in a league of peace and amity will be lost, unless it is recognised that the veto of Brazil is a symptom of something far wider than the *amour propre* of Brazil herself, that a challenge has been thrown down to the dominance of Europe in the League and to the preoccupation of the League with Europe, which must be taken into account, and that the course of wisdom is to recognise that the only line of development for the League is gradually to distinguish between its method of handling the internal affairs of

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Europe or of any other region, and the larger problems which are of world concern. If no other means of solving the deadlock at Geneva can be found why should not the Council be constituted differently when it is called upon to deal with matters which are of direct concern to the peoples of Europe or any other region, and when it has to deal with matters of direct concern to all nations? A council of seven European Powers, several of them very small, two American and one Asiatic, is clearly an inappropriate body to deal with world problems, just as a Brazilian or Asiatic veto on a matter of primarily European concern is an anomaly which cannot last.

EUROPE AT THE CROSS-ROADS

I. THE DECLINE OF EUROPEAN POWER

AT the moment when he signed the Locarno Treaties in the Foreign Office, M. Briand dared to utter the belief that they foreshadowed a general European Union, in which national particularism and unhappy memories of the past would be sunk and forgotten. He added in a burst of clairvoyance these words, which now have a rather ominous ring: "*Si les accords de Locarno ne signifient pas cela, ils ne signifient pas grand'chose. S'ils n'étaient pas l'ébauche de la constitution d'une famille européenne au sein de la Société des Nations, ils seraient bien fragiles et réserveraient bien des déceptions.*" To anyone who tries calmly to estimate the outcome of the recent events at Geneva, it must appear that M. Briand was entirely right. The true significance of that "tragedy"—for, despite Sir Austen Chamberlain's withdrawal of the uncomfortable word, a tragedy it remains—is not so much that it constitutes a blow to the League of Nations, but that unless speedily remedied it means the definite failure of the Locarno effort. The real cause of the breakdown was unfortunately not the obstinacy of Brazil, as many would like to think and others would like the world to think. The entry of Germany into the League was not really thwarted by the *amour propre* of a South American State indifferent to the fate of Europe, but by the inability of Europe herself to compose her own quarrels and to set her own house in

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order. It is no secret that Brazil's veto was tacitly welcomed by the delegates of many European countries at Geneva, including those of some of the principal "Locarno Powers," because the inspiration of Locarno was no longer in them. Old fears, old ambitions, old rivalries were again afoot. During the three months since the solemn signature of the Treaties, these baneful influences had been hard at work, with the result that Europe came to Geneva once more divided and suspicious, no longer resolute to bury bygone quarrels and firmly to establish European co-operation. In other words, it was not the League which had failed, but Locarno. The spirit was no longer there, and without it no official declaration that the treaties still survived was of much avail. The ideal of a European Union was found still to be very distant. The constitution of a European family had signally failed to materialise. Without that, as M. Briand said, the treaties are mighty fragile and do not mean much. If Europe had been determined to work together and to take a further step towards her own salvation by admitting Germany frankly and unreservedly into the community of nations, neither Brazil nor any other country could have successfully withstood her united will. The real "tragedy of Geneva" lay in the fact that such a will did not exist.

Of course, it is an occasion for the cynics to rejoice and to repeat that human nature is incorrigible and that nothing in this world ever changes for the better. There are no doubt quite a number of people besides the Fascists, who more or less openly exult at the prospect of international hatreds continuing unabated, with the probability of a good war occurring from time to time to stimulate a jaded and enervating civilisation. The school of Bernhardt is not yet extinct in any country, but its numbers have greatly diminished and it may be generally disregarded. A larger class of persons will think it does not very much matter. Europe has never pulled together yet: to expect any such thing is chimerical, and everything will go on very

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much as always whether it pulls together or not. That is a far more dangerous because a far more common illusion. When analysed, it rests on the assumption that the European hegemony of the world, both political and economic, which was the most characteristic feature of the nineteenth century, still exists and is destined to continue. As long as Europe was the undisputed centre of the world's trade, the world's finance and the world's military and industrial power, we could afford to quarrel among ourselves occasionally without doing ourselves any irreparable injury. The victor would obtain a rather larger share of the spoils of the other continents than the vanquished, but the supremacy of Europe as a whole would not suffer. The great war would probably never have been fought if it had been clearly understood that this European supremacy was already menaced. Had it never been fought, Europe's lease of power would have been certainly prolonged. It is now beyond dispute, however, that it is rapidly declining, and that if the nations of Europe continue to regard themselves as self-sufficing economic units, capable of entertaining unlimited political and military ambitions at each other's expense, they will all alike pass through a period of pitiable internecine conflict culminating in a state of dependent insignificance in relation to the overwhelming economic power of the American, and particularly the North American continent. Their history may well resemble that of the Greek city States, whose inability to settle their differences and rivalries in order to establish political federation and economic unity left them at the mercy of the rising Roman Empire. They had the satisfaction of feeling that their superior culture was adopted without being improved by their masters, just as we may feel that American civilisation is essentially derived from Europe; but that can hardly have consoled them for the moral decay which their subjection to Rome inevitably produced.

These may seem fantastic and gloomy predictions, but

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there are many who subscribe to them both in Europe and America. Mr. Houghton's contemptuous strictures of the disunion of the Europeans and of their incapacity to restore order in their own continent are violently resented in Paris and other European capitals, but Americans who know as little of Europe as most Europeans know of America perhaps see more clearly than we do the evils which beset us. The average American is completely unable to understand the apprehensions and the hostilities which haunt the lives of most European nations, because he is entirely ignorant of their historical origins. To him a few salient facts are obvious, which Europeans are usually incapable of seeing, because they are blind to anything beyond the European system in which they have moved and had their being during the past three centuries and which makes the background of their thought and the horizon of their vision.

The first simple fact that strikes the American with amazement is that, whereas the United States is an area of 3,617,000 square miles without a single tariff barrier, Europe (excluding Russia, which is a separate system of Eurasian communities), with an area of 2,100,000 square miles, possesses no less than twenty-six such barriers. The ordinary European either does not realise this fact at all, or if he does, considers it as a fundamental axiom of nature which cannot be altered. When he travels across his own continent, he is perfectly accustomed to producing his passport and opening his baggage every few hours, whereas the American, who can traverse his continent for five consecutive days without any such formalities, regards them as intolerable anachronisms. He sees, too, that they are not merely an avoidable nuisance, but that they are a source and a symptom of profound economic weakness. They imply that the European Continent is incapable of developing its resources on the vast and untrammelled scale upon which things are conceived and carried out by the Fords and the Hoovers of the United States. They mean that there are hundreds of thousands of Customs

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officials living on the public purses of Europe, whereas a few thousand can do the business of the United States. They unfortunately mean also that behind the *douaniers* there are millions of men actually or potentially under arms to protect the endless and intricate frontiers of Europe, whereas a few regiments suffice to police the thousands of miles which separate the United States from Canada and Mexico.

When these facts begin to penetrate the mind of the American who knows nothing of European history and who has crossed the Atlantic for the first time, he may surely be pardoned for thinking that the Europeans, though sometimes charming and often intelligent, are certainly impervious to common sense in a degree dangerously akin to madness. It is hardly to be wondered at if he thanks his forty-eight stars that he is not as other men are and remains firmly resolved to keep out of a mess which passes his comprehension. Nor should it be supposed that these are merely the ignorant impressions of the casual tourist from the Middle West rushing from one European capital to another, gathering masses of inaccurate and undigested information by the way. They are shared by many of the highest authorities in the American finance and business world, who have devoted long study to the economic possibilities and impossibilities of Europe. What is perhaps even more important for Englishmen, they are likewise shared in a growing measure by our own fellow-citizens in the Dominions. The mere fact that they had to be left free to adhere or not to the Locarno Treaties is evidence enough of their divergent attitude towards European problems from that which we in these islands are inevitably forced to adopt by our geographical and economic situation. This divergence of feeling and interest raises one of the most difficult questions of policy which the British Commonwealth is called upon to face and to which reference will be made later in this article. For the present, it will suffice to note its existence, which is an additional reason for con-

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sidering the present position of Europe in the world and the extent to which American criticisms are well founded.

To discuss in detail the decline of European influence in other continents would lead us too far afield. It is unnecessary to embark upon any elaborate philosophising of history, as does Otto Spengler in his remarkable book, *Der Untergang des Abendlandes*, to prove that European civilisation has reached a point in the cycle of destiny at which its progressive decay has been decreed by fate. It is sufficient, in order to get the proper background for visualising Europe's present situation, to make a few elementary comparisons between her power in 1875 and in 1926. Fifty years ago there was no continent which was not economically dependent on Europe. To-day not only is North America completely emancipated, but she has actually become the universal creditor of Europe. As for South America, she no longer looks exclusively to London and Berlin to help her development, but is turning her eyes more and more towards Wall Street and the White House. The Monroe doctrine is no longer a mere theory, but is acquiring substance. In Asia the war has given birth to a national consciousness in Russia, India, China and Turkey, which is giving them new powers of resistance to European control. Fifty years ago her peoples were the passive purveyors and purchasers who made the Eastern market the source of so much European wealth. They have now become imbued with European notions of political and economic independence. They too are worshipping at the altar of national self-sufficiency. They too are building their own factories, in which they are manufacturing goods for their own needs instead of buying them from Europe—and they are doing it largely with the aid of European machinery and European capital. They too are even imitating their European tutors in erecting tariff barriers of their own against European merchandise. This may well seem the final Nemesis on those who thought to build their own prosperity upon a protective basis, while

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insisting upon freedom of entry into Asiatic countries. Moreover, there is Japan, already one of the greatest military and naval Powers and on the way to become a great industrial country also, the standing example to the East that the Oriental is capable of rivalling the Westerner by adopting his methods. In Africa, European influence still predominates, though attenuated in some cases by the mandatory system. Even here, however, there are rumblings in Morocco and Egypt which seem to suggest that Europe's own love of political and economic freedom is being acquired by the subject races of yesterday.

All these things suggest that the outlook for the modern European is very different from that of Disraeli or Bismarck. In their day the superiority of European industry, European finance and in the last resort European military power was unquestioned because it was undeniable. That superiority has already been considerably diminished, mainly because the ideas which made Europe rich and powerful are being applied by other races to their own profit. This is in itself a tribute to the tremendous extension and penetration of which European culture has proved itself capable. Anyone who believes in the civilising mission of Europe has no ground for complaint, but has rather every reason for pride in the immensity of her achievement. Nor again does it at all necessarily mean that Europe herself is doomed to crumble and collapse, if she is prepared to adjust herself to the new conditions which she herself has created in the world. What is certain, however, is that the political balance between the continents has definitely shifted and will probably shift yet further. It follows that thinking on a narrowly national plane is already out of date. The nationalistic conceptions of the nineteenth century are no longer adequate to the changed conditions of the twentieth. If Europe is to hold her place in the world, she has got to think continentally. In other words, she must cease to be a purely geographical expression and must realise M. Briand's dream of a general European Union.

The Economic Weakness of Disunion

II. THE ECONOMIC WEAKNESS OF DISUNION

AT first sight it might seem that such an ideal is further off than ever. The vitality of national sentiments and prejudices is too frequently illustrated by frontier incidents between Poland and Lithuania or between Greece and Bulgaria, or by an exchange of snarls between Signor Mussolini and Herr Stresemann. Nevertheless, all Europeans are not so bereft of common sense and the instinct of self-preservation as our average American might suppose. If anything is going to bring Europe together, it will not be political or military pressure, but economic. It is true that some have urged as a motive for European unity the menace of Russia on her eastern frontiers. If such a menace should show signs of developing into a real danger, it might have a great effect in inducing Central Europe to concert common means of defence instead of seeking to irritate each other's sore points. Already Poland and Rumania have concluded a defensive alliance. But generally speaking the Russian peril is not as yet taken seriously. Although the Union of Soviet Republics constitutes a new group of States which is neither European nor Asiatic, but which lies between the two continents in a position where it may profoundly affect the future of both, its strength has been so sapped by the Revolution and its policy is still so undefined that its influence upon European affairs is for the present comparatively slight. On the political side it may be confessed that, apart from a certain mollifying and restraining influence which the League has undoubtedly exercised, little real progress has been made towards preparing the way for European unity.

In the economic field, however, a number of tendencies are at work in the direction of reducing the intensity of the economic strife between nations which underlies so many political conflicts and of paving the road towards inter-

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national co-operation. As might be expected, most of the thinking along these lines is being done in Germany. For this there are a number of easily intelligible explanations. In the first place, Germany, as the greatest industrial country on the Continent, has the widest experience of international commerce and, therefore, the best means of understanding the present trend of events in the world. Secondly, freedom for her export trade is as vital a necessity for her as it is for ourselves. Finally, German industry is founded on two traditions which fits it in a peculiar degree to understand the need for far-reaching combinations and the crippling effect of customs barriers upon economic prosperity. These two traditions are the *Kartell* and the *Zollverein*. The German genius is not individualistic. It believes in organisation, and in most spheres of life has worked in the faith that every unit becomes stronger for forming part of a greater unit which co-ordinates and promotes the activities of the whole. Hence German industrialists have tended more and more to combine for purposes of price fixing and distribution instead of each individual manufacturer playing for his own hand without regard to the welfare of his industry as a whole. It follows that the idea of international cartels and industrial associations is the logical consequence of the guiding principle upon which German industry has been developed.

The second object lesson which makes the notion of a European economic union readily intelligible to the German mind is the *Zollverein*. Every German economist knows that it was the Customs Union which laid the foundation of Germany's phenomenal industrial expansion during the half century preceding the war. Had the Reich remained divided in a number of small and warring economic entities, it would no more have become the greatest industrial Power on the Continent than would the United States have become the greatest industrial Power in the world had it been partitioned off into forty-eight States each pursuing an independent customs policy.

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Moreover, the Germans were taught another lesson by the *Zollverein*, namely, that economic unity not only produces material prosperity but is also the pre-condition of any political federation. If Bismarck had not finally succeeded in consolidating and completing the Customs Union in 1868, would the creation of a united German Empire have been possible in 1871? Further, if the German Federation had not been firmly welded together by innumerable economic ties during the four decades which followed, who shall say that it would have successfully resisted all the disintegrating strains and stresses to which it has been subjected since 1918? The German example seems to show clearly that any sort of European union must have an economic basis, and that once economic unity is achieved, the political mistrusts and antagonisms which now stand in its path might lose much of their acuteness.

This is the doctrine which is beginning to find wide acceptance in Germany. It is, in fact, only a further development on rather new lines of that preached by Friedrich Naumann in his famous book, *Mitteleuropa*, which made so much stir in the world when it was first published in 1915. It was written on the assumption that Germany would win or at least would not lose the war, and its principal aim was to advocate the economic and political union of Germany with the old Austro-Hungarian Empire. The premises on which it was based have been falsified by events. To effect the union of which Naumann dreamed would now require agreement not between two States but between seven, all filled with bitter memories and four of them hardly yet accustomed to the intoxicating wine of full national unity and independence. As a scheme for the expansion of the Pan-German idea, Naumann's treatise has merely a historical interest, but it is all the more striking that the main lines of the economic argument upon which his thesis rests have not been thereby substantially vitiated. It remains applicable to the wider problem

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which now confronts Europe and may be supposed to have largely influenced German thought in the direction of seeking a European *entente* in the economic field.

Naumann starts from the American standpoint. The day of the single nation is over ; the future lies with groups of nations, of which three are already clearly in formation—the British, the Russian and the American. Japan, he thinks, may form the nucleus of another Far Eastern group. There remains the question whether Europe will stick to her old-fashioned national units, or will follow the lead of the “super-national syndicates” by forming a syndicate of her own. As he points out, “groups of humanity will come into being because such new technical apparatus as steam-power and electricity cannot work with State formations, which are still under the influence of earlier and now vanished forms of international intercourse. What is a territory of half a million square kilometres to-day ? It has become a single day’s journey.” “The day is still distant when there shall be ‘one fold and one shepherd,’ but the days are past when shepherds without number, lesser or greater, drove their flocks unrestrained over the pastures of Europe. The spirit of large-scale industry and super-national organisation has seized politics. People think, as Cecil Rhodes expressed it, ‘in continents.’ . . . In this age of extending State federations and Great Powers Prussia is too small, and Germany too small, and Austria too small, and Hungary too small. No single States of this kind can survive a world war.”

The truth of this argument may be illustrated by a few figures comparing the economic strength of continental Europe with the United States. The British Isles are omitted from this comparison, because, though closely linked to Europe, they belong to the British Commonwealth, which already forms a distinct group of nations. Russia is also omitted for a like reason. The comparison will show that, as a result of the war, America has increased the preponderance which was already making itself felt before the

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war. In 1913 the average monthly production of hard coal in the United States was 43,088,000 tons as against continental Europe’s 23,243,000 tons. In 1925 the disproportion had increased to 44,231,000 tons as against 22,131,000 tons, and it becomes all the more significant when it is remembered that all but 5 per cent. of this huge American production is consumed for transport, manufacturing and domestic purposes within the United States itself. In regard to pig iron the difference is even more striking. In 1913 the United States produced 2,601,000 metric tons per month, as against Europe’s 2,514,000 tons, but in 1925 the American monthly output had risen to 3,082,000 tons, while Europe’s had fallen to 2,143,000 tons. In crude steel the story is the same. In 1913 the United States produced 2,564,000 metric tons monthly to Europe’s 2,532,000 tons, whereas in 1925 the American monthly output had attained 3,741,000 tons in contrast to the decline of Europe’s production to 2,377,000 tons. Even in the matter of shipping an alteration in the balance may be found. Whereas in 1914 Germany, France and Scandinavia owned 24·5 per cent. of the world’s tonnage and the United States only 6·3 per cent., in 1925 the latter’s share had risen to 20 per cent., while that of the maritime countries of the Continent had fallen to 18. In whatever direction one looks at the statistics, they point to a similar result. Although her population is only about two-fifths of that of Europe, the United States produces more maize, oats and cattle than all the countries of Europe* put together, to say nothing of cotton, oil and copper.

The general effect of all these figures is clear. The principal result of the war has been so to impoverish Europe and to arrest her economic progress that American production has outstripped hers to an extent which, under present conditions, there is no hope of making up. No doubt America was already gaining ground rapidly before 1914,

* Excluding Russia, Great Britain and Ireland.

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but the destruction of wealth and the burden of debt which the war entailed enormously accelerated the process. Had such a result been foreseen, perhaps the war would never have taken place. In any case, the present position is accurately summed up by a German economist * as follows :

Up to the end of the nineteenth century her (i.e., the United States') economic and political situation in the world was still more or less comparable with that of any single great European Power, and she was regarded as being on the same footing as England or Germany, for instance, for the purpose of economic calculations and statistics. She stood alongside them as one of three principal units in the economic constitution of the modern world. Since then, however, she has shot ahead of them with great rapidity. In her activities and standing she has begun to develop on a continental scale. She has towered up in such a way that to compare her with the separate States of Europe now must seem out of date and that the latter are more and more obliged to set a united Europe against her as an economic unit (*ihr einem gesamteuropäischen Weltwirtschaftskörper gegenüber zu stellen*), in order to arrive at any correct estimate of her strength.

Moreover, if America confined herself to exporting raw materials, semi-manufactured articles and foodstuffs, the effect of her expansion on the industries of Europe would be much less formidable ; but she is now sending across the Atlantic almost every kind of manufactured goods from motor-cars to boots, which in spite of tariffs are competing with the products of Europe in her own home markets. This implies that America is producing more cheaply, and that, in spite of a level of wages which no European country can approach. The American workman, who is usually nothing but a transplanted European, enjoys a standard of comfort which his fellow tradesman in France or Germany, or for that matter in England, is very far from having attained ; and yet the American employer is able to sell his manufactures at prices which compete with those of Europe, even after paying toll for transport across the ocean.

What are the conclusions which may be drawn from these

* Dr. Bruno Kuske, *Die Bedeutung Europas für die Entwicklung der Weltwirtschaft*, Köln, 1924, p. 96.

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facts ? Though the war explains much, it is only a partial explanation. The vast natural riches of the United States are again only one element in the problem. If they had been left to be exploited piecemeal by the inhabitants of the regions where they are found, their development would never have reached its present level. A large part of the secret of American wealth lies in the fact that it has been systematically and scientifically exploited by the concentrated energy and the united capital of 110 million people. There is no doubt whatever that if Europe's resources were developed on the American scale by the organised effort of her 300 millions,* they are capable of very much greater development. There is oil in Rumania, copper in Serbia, iron in Spain, which is as yet very partially exploited for fear of admitting foreign capital. Then again, the general level of European farming is extraordinarily unequal. If, as Naumann points out, the efficiency of the labourer in Hungary, Galicia and the other agricultural districts of Eastern Europe were raised by better education and the introduction of modern methods, not only would the production of cereals be enormously increased, but the poverty would be eliminated which has driven hundreds of thousands to emigrate to America. It is the higher intelligence and the better organisation of its farmers which has made the United States the greatest agricultural country in the world quite as much as the fertility and the virginity of its soil.

What is true of the farm is almost equally true of the factory. The secret of high wages and low prices, which form the gospel of American industry, lies in mass-production methods. For the success of these methods a great assured market is indispensable. This the United States possesses because it is the largest free-trade area in the world and because the average purchasing power of its inhabitants is greater than in any other country. In Europe, on the other hand, no manufacturer can reckon safely on more than

* This figure excludes Russia, and Great Britain and Ireland.

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his own limited home market. The markets of other countries may at any moment be rendered inaccessible by tariffs, by import prohibitions or by subsidies imposed at will by foreign Governments. The scale of his production is therefore necessarily cramped, and with it the possibility of reducing his costs. These restrictive measures have greatly increased as the result of the war, as they have been multiplied not merely for the protection of the national manufactures and in the interests of economic self-sufficiency, but also for more or less military motives in order to preserve "key industries" with a view to another war. The result of this policy is thus summarised by the *Reichsverband der Deutschen Industrie*, the representative federation of German employers,* in a recent pamphlet outlining the principles which in their view should guide Germany's economic reconstruction. "This high-tariff policy leads ultimately to an unnatural and uneconomic rise in the general price level in Europe and to rendering European production incapable of competing with American in the world's markets." The soundness of this conclusion can hardly be disputed. In it lies the principal explanation of the fact that, despite sea transport, tariff walls and depreciated exchanges, American goods are flowing into the markets of Europe in ever greater quantities and competing successfully with her home-made articles. In spite of all obstacles and the impoverishment of Europe, the United States exported 415 million dollars' worth of finished manufactures to us in 1923, instead of an average of 209 million dollars in 1910-14. Taking the same periods, America's total exports to Europe have increased in value by 728 million dollars, while Europe's exports to America have risen only to the extent of 321 millions.† No doubt there are other elements such as better organisation and a

* *Deutsche Wirtschafts und Finanzpolitik* (German Economic and Financial Policy), Selbstverlag des Reichsverbandes der Deutschen Industrie, December, 1925, p. 55.

† *Statistical Abstract of the United States*, 1924.

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more thorough application of scientific method which have to some extent accentuated America's industrial progress,* but these things are secondary to the incalculable advantage which her economic unity gives her over Europe's disunion. That this is at the root of Europe's weakness is now gradually becoming realised not only in Germany but in wider circles. Mr. Walter Leaf, in his last presidential address to the International Chamber of Commerce, insisted on the same point in these words :

The whole standard of living is lowered by the artificial restrictions on human efficacy. A European Trade League would have open markets on at least the same scale as those of the United States, and would thus be able to compete in production on equal terms with that vast area of free-trade intercourse. National jealousies force us here to employ in suicidal trade struggles the efforts which should be concentrated on the general advancement of human well-being.

III. STEPS TOWARDS ECONOMIC UNITY

THE disease having been diagnosed, the search for remedies has already been undertaken. So far two lines of advance are being explored—the reduction or elimination of trade restrictions and the creation of international trade arrangements to prevent cut-throat competition. The International Chamber of Commerce has itself given the lead by appointing a strong committee of business men to study the whole question of trade barriers. The *Reichsverband der Deutschen Industrie* has set up a similar committee to examine "the altogether welcome idea of a European Customs Union" and to consider how far it is practicable within any reasonable period of time. The same tendency may be found in Labour circles, which have always been more open to ideals of international co-operation. In March last an interesting meeting took place at Brussels between Socialist deputies of Belgium, France

* See THE ROUND TABLE, No. 60, September, 1925, pp. 701-8.

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and Germany, including such well-known men as Messrs. Hilferding, Breitscheid, Barthe, Grumbach and de Brouckère. After two days' discussion they adopted a resolution from which the outstanding feature may be quoted: "The economic interdependence and interpenetration of nations proves the necessity for commercial agreements which will familiarise the peoples with the idea of a European Customs Union as a factor in a general scheme of international economics." They accordingly recommend a far-reaching policy of commercial agreements based on a general application of the most-favoured-nation clause, the lowering of prohibitive tariffs, the abandonment of all discriminations between internal and external prices, the abolition of all prohibitions on exports and imports, and the conclusion of long-term treaties based on fixed customs schedules.

Both Capital and Labour are therefore beginning to feel their way towards the same goal of economic unity in Europe along tentative and practical lines. A further symptom of the same desire to avoid useless competition may be seen in the recent agreement of the Ministers of Labour of Belgium, France, Germany, Great Britain and Italy with a view to their common ratification of the Washington Convention on hours of labour. The establishment of a uniform working week in Europe will prevent the standard of working-class life being depreciated in order to gain temporary and problematical advantages in the struggle for trade. Finally, the forthcoming economic Conference,* which the League of Nations last year decided to convene on the initiative of M. Loucheur, the well-known French industrialist, will probably serve to throw further light on the economic ills of Europe and to educate public opinion as to the only method of radically curing them.

Progress is, meanwhile, being quietly made in the direction of international combinations and arrangements

* An account of the first meeting of the Committee which is to prepare the way for the Conference is appended to this article.

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in particular industries, with a view to avoiding price-cutting wars and to securing a rational division of the available markets. International trusts and cartels have in the past been usually regarded with suspicion and alarm, but with the growing intensity of commercial intercourse they are becoming necessities of modern economic life. They existed in a number of trades before the war, and already exert considerable influence in attenuating the effects of unlimited competition. A distinction should, however, be made between the international trust, consisting of a parent body with satellite companies under different national registrations subject to its complete control, and the international cartel representing a working agreement between the national organisations in a particular field. The former is not really an international organism at all, as the policy of the whole is determined by the interests of the head, which may be contrary to those of the countries in which its branches are situated. The latter, however, is a voluntary association for the mutual benefit of all concerned, in which the interests of each national group receive their due consideration. The Atlantic Shipping Conference is an example of such an association, having as its object the prevention of ruinous cutting of Atlantic freight rates. Another instance may be found in the recently revived agreement between the producers of steel rails in Great Britain, France, Germany, Belgium and Luxembourg, by which the export quota for each country has apparently been fixed on the basis of its productive capacity and each has agreed not to invade the others' home markets. Lastly, negotiations have been on foot at various times between French and German industrialists for securing co-operation between Lorraine and Westphalia, which really form a single economic area. Though as yet these negotiations have not been brought to a successful issue, the pressure of mutual advantage is so strong that in time a working agreement seems almost certain. It is again interesting to notice that Labour is

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no longer hostile to such arrangements, though aware of their possible dangers. Writing of the steel-rail agreement, Mr. Pugh, the Secretary of the Iron and Steel Trade Confederation, says that

if the agreement and a development on similar lines puts an end to the cut-throat competition which has compelled Continental workers to accept longer hours . . . and has reduced the wages of the workers in the different competing countries, the result cannot fail to be beneficial. Such arrangements as this are inevitable and are in the direct line of modern commercial development.*

The same view was taken by the Socialist meeting at Brussels, which recognised that international cartels "may constitute a more rational organisation of production and exchange," though they may prove hurtful to both workers and consumers unless controlled and approved by the Governments and Parliaments of the countries concerned. To quote the German Employers' Federation once more,

Commercial policy and tariffs are not in a position to bring about the necessary regulation of the world's markets. Unrestrained competition in the export markets produces trade wars and price-cutting which must ultimately become insupportable to the producer and hinder the reconstruction of the economic prosperity which the war shattered. International cartels are here able to balance losses and to assist in reducing the severity of crises.†

We have travelled a long way in quest of M. Briand's Utopia. Every stage of the journey, however, has furnished some fresh proof of the need for unity in Europe, if she is to maintain her material prosperity and her position in the world. We have seen that the latter is no longer what it was. Other continents are beginning to seek and to obtain their place in the sun. On the other hand, if European reconstruction were dependent simply on the growth of goodwill between its peoples, its prospects would be distant and obscure. There is, however, a more

* *Daily Herald*, March 26, 1926.

† *Deutsche Wirtschaft und Finanzpolitik*, p. 65.

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potent force already at work, which is likely to prove a much more effective international cement than the propaganda of peace societies or even the fear of war itself. All politics are largely determined by economics, and without pretending that the enlightened self-interest of the economic man is the final criterion of good, there is no doubt that it exercises a very profound influence on the actions both of individuals and communities. The economic tendency of the age is unquestionably in the direction of larger and larger units. Just as in industry the small factory has been overshadowed by the big industrial enterprise, so must the small national economic unit be eclipsed by the organised productive and financial power of a continent. The United States has already developed a super-national power. Unless Europe can do the same, the doom of her economic pretensions is certain. The recognition of these facts is dawning on the Continent, and with it has begun the investigation of means of preventing the fatal waste of strength which national trade rivalries entail in the direction of the removal of barriers and the substitution of international agreement for international competition in particular industries. If the union of Europe is to come about, it is by practical endeavours such as these rather than by the immediate pursuit of any political federation or the preaching of any Pan-European ideal. In any case, the goal is still very far off. If our grandchildren see it reached, they will be lucky. But there are signs that a movement towards it has begun, which may prove the decisive issue of the twentieth century as the growth of democratic nationalism was of the nineteenth. There is then one final question which no British writer can evade. What should be the attitude of the British Isles towards such a new orientation in Europe?

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IV. WHAT SHOULD GREAT BRITAIN'S ATTITUDE BE ?

THE limits of this article do not permit an attempt to give a full answer to this question, but within a few months of the Imperial Conference it may be appropriate to touch very summarily on some of the considerations it suggests. For it is no academic question ; it probes down to the roots of the structure and policy of the British Commonwealth.

In the first place, it may be remarked that the formation of a European economic union would not be necessarily directed against Great Britain or the United States, any more than the American tariff or a possible free-trade arrangement within the Empire could be considered as aimed against Europe. From the point of view of British industry, free trade within Europe would probably be beneficial on the whole, even if there was a European tariff in which these islands were not included. One imagines that no exporter who deals with the United States would prefer forty-eight customs schedules to the present state of things. It would be a mistake, therefore, to assume, *a priori*, that the development of European union is contrary to British interests. Nor, indeed, if one may judge from the assistance which American financiers and industrialists are freely giving to bring about the trade revival of Europe, do they consider it as contrary to American interests. In the long run, the prosperity of each country is the prosperity of all.

Secondly, it seems certain that unless Great Britain forms part of a larger economic unit, she cannot avoid becoming part of a European economic union, should it materialise. She cannot stand by herself in a world of much greater entities. For the purpose of argument, she has been excluded from the European circle because the British Empire is generally considered, as it was by Nau-

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mann, as an independent group already standing apart. At present, however, its economic organisation is very rudimentary, and if it is to hold its place with the other international groupings which already exist or are in process of formation, it will have to be considered how far that organisation is really adequate. It is clear that the position of the Dominions is quite as much at stake as that of this country. In spite of their great areas, neither Canada nor Australia nor South Africa is capable of playing a big rôle as an isolated economic unit, because their populations and therefore their home markets are too small. What is true of them is not less true of Ireland and New Zealand. The case of India is rather different, but in spite of her huge numbers their genius is agricultural rather than mechanical, and their standard of life is to-day so low that they do not possess the purchasing power necessary to furnish a solid basis for large-scale industry. If the Dominions are to attain the fullest economic development of which they are capable, they, like Great Britain herself, must form an integral part of a more organic economic whole than the Empire yet constitutes. A number of very pertinent reflections on this point were offered in the last number of this Review.*

Finally, there is the question what should be the relation between a more highly organised British group of nations and an economic union of European States. This is perhaps the most difficult question of all. However much we in England may wish to adopt an attitude of transatlantic detachment to Europe, we are historically, geographically and practically precluded from doing so. Historically we are bound by a thousand links to the Continent, which are likely to be strengthened rather than weakened in the future, as our geographical separation becomes of constantly dwindling significance through aerial, telephonic and wireless communication. The time is already in sight when it will be as easy to speak or to travel from London

* THE ROUND TABLE, No. 62, March, 1926, pp. 249-252.

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to Vienna as it now is to speak or to travel to Manchester. We are, therefore, obliged, whether we like it or not, to be intimately concerned with the political and economic affairs of Europe. That is why the Locarno Pact and the entry of Germany into the League are matters of vital importance not only for Great Britain but also for the whole Empire, of which she is still the predominant unit. Moreover, our practical ties with the Continent are hardly less obvious and important. In 1925 Europe still consumed 32 per cent. of our exports as against 34.64 per cent. in 1913, and no less than 66.25 per cent. of our re-exports as against 56.02 per cent. in 1913.* For the present and for a long time to come Europe will be our principal customer and competitor outside the Empire. We are so closely interested in the conditions of the European market that no international arrangement regulating prices, tariffs or hours of labour for the staple industries of the Continent can leave us indifferent. In practically all such arrangements as at present exist we have participated, and there are many who think that an international agreement with our neighbours as to coal is the only means of stabilising that industry on satisfactory conditions. We cannot, therefore, stand altogether aloof from the movement in the direction of European union, nor is it at all desirable that we should. On the other hand, there are evident reasons, both economic and political, why we could not become a full member of such a Union, if it took definite shape. We could never, for instance, apply a European tariff on American, Canadian and Argentine corn, and it will probably be found that for the framing of any tariff agriculture is the test case for Europe as it has proved for Great Britain.

Perhaps, then, in the widening sweep of economic evolution which is gradually welding humanity into closer and more extensive association, the British people may be

* *Board of Trade Journal*, February 11, 1926. These figures include Russia, but she took less than 1 per cent. of our exports in 1925.

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called upon to occupy an intermediate position between the continents. Through Canada they are as interested in the friendship and prosperity of the United States, as through Great Britain they are concerned with the peace and well-being of the European continent. But, whatever rôle may lie before us in the new epoch which is beginning to unfold, the time is approaching for us to study it and to take thought together how we can best fit ourselves to meet the changing conditions of a changing world.

APPENDIX

THE LEAGUE'S ECONOMIC CONFERENCE

The impending coal tragedy and an exaggerated reticence caused the first meeting of the Preparatory Committee of the League of Nations Economic Conference on April 26 to pass almost unnoticed by the British public. Its business was to prepare the way for a general Economic Conference by exploring the ground and drawing up a practical programme. Its composition was unusual and encouraging, consisting as it did, in the words of the Assembly's resolution, "not of representatives of Governments or of organisations, but of persons chosen as experts." Thirty-five such persons met under the chairmanship of M. Theunis, ex-Prime Minister of Belgium, including men of wide official experience such as Sir Atul Chatterjee, High Commissioner for India, Sir Hubert Llewellyn-Smith, of the Board of Trade, and the Hon. David Houston, formerly Secretary of the American Treasury; distinguished economists such as Dr. Adam Shortt, of Canada, and Mr. W. T. Layton; industrialists such as Sir Arthur Balfour, Signor Pirelli, M. de Peyerimhoff, Chairman of the French Coal-owners' Committee, and Herr Lammers, of the German Employers' Association, M. Dubois, President of the Swiss Banking Corporation; and trade union leaders such as Mr. Arthur Shaw, who replaced Mr. Pugh, and M. Jouhaux, Secretary of the *Confédération Générale du Travail*. For the first time a really representative and competent set of people met together to investigate "the economic difficulties which stand in the way of the revival of general prosperity and of ascertaining the best means of overcoming these difficulties and of preventing disputes."

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The Committee divided into three sub-committees to explore industrial production, commercial relations and general questions, notably finance, agriculture and the distribution of population. The sub-committees each included persons representing industry, the working classes and the consumer, official experience, finance and political economy. At the end of a week's work all of them had drawn up a comprehensive programme of investigation, which will be executed by the Secretariat of the League and the International Labour Office in consultation with other competent bodies. The scope and significance of the international enquiry to be undertaken with a view to possible international action may be judged from a few examples. In the field of production papers are to be prepared on industries specially affected by the crisis, such as coal, iron and steel, engineering, shipbuilding and cotton, and on others particularly important in regard to international economic relations, such as wool, chemicals, electrical engineering, silk, natural and artificial, and petroleum. In the commercial field free trade and tariffs in all their aspects are to be examined. In the domain of agriculture figures are to be obtained as to the production and prices of twenty-two commodities both before and since the war, ranging from wheat and sugar to cotton and rubber.

When the vast amount of information required has been collected, the Committee will meet again in order to sift it and to decide what subjects can be profitably included in the programme. As the Chairman put it, "the essential thing, if the Economic Conference is to open with good prospects of success, is not an accumulation of detailed information; what is wanted is an effort to pick out the main factors of the vital problems for which satisfactory solutions may be found by means of an international discussion." In other words, the Committee is aiming at presenting not an undigested mass of unmanageable material, but a clear view of the real economic problems which can only be solved by international means.

No doubt twelve months or more will still elapse before the Conference actually meets, but they will not be wasted months. An international conference insufficiently prepared is foredoomed to failure, as the example of the Genoa Conference proved. That gathering met without a definite agenda and without any preparation whatever. Its members came without any clear notion of what they were to discuss and with the intention of committing themselves as little as possible. The result was nothing but the enunciation of a number of platitudes so artistically phrased as to be usually capable of several constructions. The League Conference is to proceed on more thorough and practical lines, and if the impressions of an observer of both meetings are correct, it has two other inestimable advantages. In the first place, it is being

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conceived in an economic rather than a political spirit. The foundations are being laid by men whose lives have been devoted to the practice and theory of industry and commerce. Secondly, the world has learned some hard lessons since Genoa. The failure to make economic means subservient to political ends in the Ruhr, the widespread suffering which a depreciated currency inevitably entails, the uselessness of unlimited competition in a limited market, and the mutual dependence of nations upon each other have all enforced the need for international co-operation in the recovery of prosperity. If the League's Conference can educate the world how to seek the remedy for its present evils, it will accomplish a great task, and in performing it may go far towards strengthening the structure of the League itself by forging economic links that will do more to prevent war than many debates on disarmament.



THE INWARDNESS OF THE INDIAN PROBLEM

NOT the least difficult of our Imperial tasks is to see through the façades which we ourselves have erected, and to recognise, when translated into other languages, the formulæ which we ourselves have invented. We build façades—parliamentary institutions and the like—to give a decent frontage to our own practical but slightly ragged and unmethodical methods of national life and action. We adopt formulæ—democracy and the like—to describe ideals which we fondly believe we are following though they may be drifting constantly out of our reach. When we are told of cracks in the façades and of catches in the formulæ, we answer undismayed: let reasonable men only use the formulæ and work behind the façades in a reasonable manner, and all will come right. When all does not come right, and we continue to be peppered with strange missiles from behind our own cover, and when our ideals remain unceremoniously rejected, we are apt to get puzzled and irritated.

Puzzled and irritated many of us have been by the happenings in India since 1919. In that year England gave India a copy of what it considered its own choicest possession, parliamentary institutions; and it established as India's political ideal its own cherished goal, responsible government in a democratic State. Since then there has been

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nothing but trouble in India, tumult and discontent and the breaking of idols and much ingratitude for our gifts. India has not, it is true, rejected in set terms the ideal of democracy, but she has made it clear, as Mr. Stanley Rice puts it, that she regards democracy as a piece of political machinery, and not as a spiritual conception. As for parliamentary institutions, the most powerful section of the Nationalist party endeavoured to destroy them, first from outside and then from inside; and, having failed in both attempts, is now concentrating on the earliest possible close to the first phase in their development, without giving any indication of what they hope to substitute for them. At the moment the situation is definitely easier. In the March issue of *THE ROUND TABLE** the waning of the non-co-operation movement was described; the explosions with which the legislatures were threatened have faded into the regulation thunders of a constitutional Opposition. After the storms of the last seven years it may be that we are tempted to trust that the worst is over. The safety-valve may have done its work, and the machinery may be going to run smoothly in the future. The realisation of those hopes is not impossible; but there is no pessimism involved in looking at them a little more closely.

It is easy to be misled by the chronicles of Indian events that are served up by the daily Press. They are indeed the only chronicles that the Press can possibly supply, for they narrate the public progress of the vehicles into which we have tried to pack Indian public life. But to many of us it would come natural to treat the narratives as we should treat the newspaper reports of our own Parliament or of the Trades Union Congress. This in itself misleads us, for we have not yet got in India such mirrors of the nation's mind as Parliament and the Trades Union Congress provide in England. Indian members of the legislatures do unquestionably at times express quite clearly their inward thoughts, though they are handicapped

* *THE ROUND TABLE*, No. 62, March 1926, p. 318.

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by having to do so in the foreign language of British parliamentary usages and British public ethics which they loyally strive to employ. But these are not as a rule the speeches which are reported in our telegraphic summaries. What we mostly receive are the Parliamentary manœuvres, the defeat of government on this point or that, the adroitness of a compromise, the triumph of a personal appeal, and so on. To these we are apt to attach an importance which is often wholly undeserved. We read them as we should read of similar struggles at Westminster, although in reality they may be little more than straws in the wind, or foam on a wave in deep water. The psychology of India is singularly free of surface manifestations.

Even the collapse of Mr. Gandhi's non-co-operation movement can be rated too high. Time after time has India been swept by a storm of emotion, by some call to action or sacrifice in the name of religion, which met with a whirlwind of response. Of these the greatest was Buddhism; the tree-smearing protest against the slaughter of cows some thirty years ago was one of the last. But they have all in turn subsided. An emotional appeal in India is easily started and rapidly disseminated, but it has not the same potency for results as in the West. There is something in the climate or in the latitude or in the blood which prevents it from enduring. Neither climate, however, nor latitude nor blood can avail to dilute the deeper feelings from which the emotion was drawn and into which it returns. Those feelings it is that we must try to understand if we are to put recent events into their proper proportion, or if we are to form any just conception of the magnitude of the task that is implied in retaining India within the British Commonwealth. They have been touched upon, delicately and with sympathy, in Lord Ronaldshay's *The Heart of Aryavarta*; but in few of the other many excellent books about India which have appeared lately do they occupy much space.

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II

ONE postulate must at once be stated, namely, that no effort of synthesis can bring the Hindu and the Mahomedan mind under one category. Some years ago, Mr. Gandhi's admirers fancied him on the verge of achieving the incredible. The Servants of the Kaaba had joined his camp, in common cause against British dominion; and even in this sinister union some optimists saw the prelude to a sense of common citizenship among the two communities. As so often before, the hope has been rudely shattered. The Hindu and Moslem leaders may meet on the friendliest terms, from their student days at the university till they sit down together to translate the relative importance of their two followings into an arithmetical ratio for dividing among them the loaves and fishes of officialdom when India is independent. Pacts multiply; but so does communal strife. The leaders have no control, or means of control, over the proletariat. Among the latter there is no bombast, no stagey reconciliations, but only the raw facts of human nature; and by one pitched battle after another they have made it clear that we must count on one psychology for the Hindu and another for the Mahomedan. The Moslems are the simpler people, and we may take them first.

The Mahomedan

Up to 1911 the Indian Mussulmans clung to the belief that the British Government, in spite of its formal neutrality, had a special corner for them in its affections. When Western education and methods of appointment to public office were first introduced, the Moslem had made a bad start in comparison with the Hindu; but he had been

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looked after all the same, he had shown particular loyalty, and was he not spiritual kin to the Turk, who had always been Great Britain's friend and ally? His confidence was confirmed when the partition of Bengal led to exceptional measures of protection and advancement for the vast, impoverished and down-trodden Moslem peasantry of the new province of Eastern Bengal. Then came disillusion. In 1911 Bengal was re-united. We in our simplicity had imagined that we should conquer the Mahomedan heart by restoring, as the capital of India, the historic seat of the Moghul Empire. All that we succeeded in doing was to fill the Mahomedan heart with bitterness at the thought of Dacca being again cast under the feet of Calcutta. Simultaneously was going on the humiliation of Turkey in Tripoli; in the following year in the Balkans. Thenceforward the Indian Moslem quivered on a continuous seesaw of depression and exaltation: gloom and resentment with each recurring proof of his own ineffectiveness, with each setback for Turkey, with each political triumph for the Hindus; fierce rejoicing whenever Turkey scored a point, or Persia, or even the dreaded Amir at Kabul. When Turkey entered the war against us, there was a temporary paralysis of feeling. The very staunchest of our friends, however, loathed the idea of bloodshed in the holy places of Iraq and Arabia; and on the Sharif of Mecca rebelling against his overlord at Constantinople, it was a relief to much pent-up emotion when Moslem sentiment was able openly to denounce his treason and to rebuke us for having encouraged it. With the Treaty of Sèvres all restraint gave way. We were accused of the basest duplicity in scheming to destroy our former friend and ally. The Greek attack on Turkey, universally believed to have been at our instigation, completed the tale of our iniquity; and it was when these gusts of passion were blowing strongest that the Mahomedan leaders took the desperate step of recruiting under Mr. Gandhi's banner.

Reaction followed. The rank and file had never assented

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to unconditional accord with the Hindus and they soon showed their disapproval. The demonstration indeed was taken out of their hands by the Moplahs and other unsophisticated members of their faith; and a series of sanguinary racial conflicts gave the *démenti* to Hindu-Mussulman unity. Mustafa Kemal swept the Greek armies out of Asia Minor; and the joy-bells that were set ringing in India were the signal for a fresh offensive by his co-religionists, not against us, as might have been expected, but against their innocent Hindu neighbours. Last Christmas, when the leaders of Indian Mahomedanism congregated at Aligarh, to be told that their political future did not lie along the paths of Hinduism, their concurrence was emphatic. The pendulum had swung its full arc since the Congress and the League united their forces at Lucknow during the Christmas week of 1916. If we take soundings under the surface of these nine troublous years, we shall find that the Mahomedans have not been deeply stirred by the political changes, or hostile to them in principle. Democracy is already familiar to them; for Islam is, in practice no less than in theory, the most democratic religion in the world. Parliamentary institutions interest them; and they are quite willing to take a hand in the game, provided the stakes are not too high. But what does profoundly concern them is the pace at which India may be hurried into responsible government. For they are neither so rich, nor so powerful, nor so nimble-witted as their Hindu neighbours; and a strict interpretation of the autonomy of which we hear so much would leave them deplorably behind, unless it is tempered by inconceivably favourable provisions for the protection of minorities. Against this risk they are attempting no form of insurance. Their only and abiding consolation is the thought that they are subjects of a wider empire than that of India, the world empire of Islam. This to them is not only what the *civitas Dei* is to the devout Christian; it is also a conception of temporal power which once was, and

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will be again when the Caliph of the Prophet comes into his own. It is this duality of allegiance which is the chief problem in the future of the Indian Moslems. There has been much bandying of texts among their doctors as to their duty under an infidel rule, but in a crisis they always tend to come back to the position that they are Mussulmans first and only in the second place Indians. Responsible government on our present lines is clearly not settling the communal issue but rendering it more acute; and here we have one of the thorniest questions to which the Commission for the review of the new constitution in 1929 will have to address itself. Meanwhile, the advent of that higher ideal, a realisation of Indian citizenship, seems at present a long way off; and yet, until it is reached, there is nothing to stir the Moslems into friendly rivalry with the Hindus and into fitting themselves for something better than a fixed fractional share in the work of government.

The Hindu

Turning to the Hindu attitude towards our façades and formulæ, we get on to far more difficult ground. It is thick with the undergrowth of ages. In one of his letters Lord Morley was describing in a caustic mood an Indian debate in the House of Lords: "M. began his discourse," he wrote, "in the regular Anglo-Indian fashion, with a history of Indian government since Lord William Bentinck and a short *aperçu* on Noah's Ark." But in truth the seeds of our present troubles were sown long before Bentinck's day, and not far short of Noah's. We have to cast our imagination back to the period, known only through the dim and much later chronicle of the Vedas, when a fair-skinned race kept wandering into India from the North and spreading by conquest and compact among the older Dravidian and Mongol civilisations. They would appear to have had their full endowment of those permanent

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characteristics of human nature, racial arrogance and religious intolerance; and their polity, when they had time to develop a polity, was one in which the warrior and the priest joined hands to dominate their fellow-men. Their position was established by codes and conventions which, swept along by the tide of man's evolution, have since been diluted out of all recognition. But two essentials survive—the stratification of human society, and the function of the priest to think for the people. Generally, and probably rightly, it is believed that the former was designed in the earlier and simpler forms of caste, to maintain purity in the blood of the newcomers. The latter was, as it ever has been, the inevitable consequence when a priesthood claims a monopoly of sacred things, the exclusive right of intercession between man and God, the sole knowledge of sacrifice and ritual, the sole access to the scriptures and the law.

Apart from its endless tale of invasion and schism and reconstruction, it is the march of these prehistoric survivals that composes the inner history of India. With the stratification of society, and its effects for good and ill on India's progress, this article is not directly concerned. It is, however, necessary to emphasise the rigidity and complexity in which the process has crystallised. For this, in part at least, Hinduism has to thank the Mahomedan conquests from 1000 A.D. onwards. With the disappearance of Buddhism from India, complete though its defeat appeared to be, there had been left in Hinduism the germs of compromise with other ideals, the possibilities of seeking after a freer life in the social organisation. But the fire and sword of Islam put an end to all this. In self-defence Hinduism crept deeper and deeper into its shell. All the bonds of its social formation were drawn tighter. Caste distinctions became more rigid and more involved. The Hindu family system crystallised into something against which the proselytising forces of Mahomedanism might beat in vain. The seclusion of women, all Hindus tell us,

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was another protective measure. The menace, on a huge scale and for centuries, of what we witnessed, during a few months of 1921 in the Malabar hills, ossified Hindu society in many ways, and immensely complicates the task to-day of translating democracy, on its social side, into terms of Hindu life. There is as little wisdom in decrying caste, or the *purda*, or the Hindu joint family, and ignoring their historical value, as there is in imagining that systems thus firmly rooted will fade away incontinently before the inrush of our new political theories.

The domination of the priesthood, the intellectual counterpart of the social "tyranny of caste," has had two tremendous consequences. The more obvious of these, in the political sphere, is the atrophied capacity of the masses to think for themselves. When a man is not allowed to choose his own wife, or the name of his own child, or the day on which to start a journey, it is not surprising if his freewill deserts him in other respects. When the brahman has to be called in to give orders at every crisis of his life, the ordinary Hindu finds little use for the exercise of his brain except in the minor details of his daily routine. The gulf of his ignorance does not disturb him, for he fills it with the traditions of his forefathers; and he has few of the desires which are the stimulants of progress. Such is the soil in which we are trying to plant democracy. There is material enough for the spread of ephemeral excitements, for the credulous acceptance of any rumour or suspicion, however absurd, for fomenting savage remedies for any grievance. But there is poor material for building up a democratic electorate, conscious of its own needs and convinced of their reasonableness. It will be a long time before a board-school education, or even the teaching of civics to which we now pin our faith, will prepare the soil for so different a crop. All of which, it may be said, is very obvious, and has often been told before.

What is less obvious is the second paramount consequence of the brahman's ascendancy in the world of mind for these

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thousands of years. It is the reaction on the brahman himself, and on his mental processes. By brahman in this argument, be it said in parentheses, is implied the leaders of the brahmanical system rather than only those of priestly rank, though, with rare exceptions like Mr. Gandhi, the Hindu philosopher is, and has been, a brahman by caste. From his historical origins, it is probable that the brahman never felt much pastoral solicitude for the common herd. His rôle was never that of our busy parish priest or slum missionary. He directed his flock in the elemental duties of a ritual which they need not understand for themselves; and for the rest he was content to leave them to their own virtues or vices, to the worship of their favourite godlings or goblins. They in return provided for his simple needs, and he had unlimited leisure to meditate. There thus grew up in early brahmanism—possibly by absorption from a still earlier Dravidian ethos—the habit of contemplation as opposed to action. It rooted itself in an India isolated, by difficult land routes and pathless sea, from the rest of the world and its movements of contemporary thought; so that there was no rubbing of its angles off against other philosophies, no criticism of its speculations by the searchers for truth under other skies. It became more and more a contemplation of the unseen. From the earliest days of Hindu thought, it fixed its gaze on the soul rather than the body, until it developed into a revolt against our finite senses, and a continuous effort to lay hold on the unknowable and the infinite. How many of us, in these modern days, ever give a thought to infinity as such, except perhaps in the form of a perfunctory algebraic symbol? And yet to the Hindu thinker, for thousands of years, it has been an ever-present conception, both as to space and as to time. Often he clothes it in words (Macaulay's "seas of treacle and seas of butter") which to us are as grotesque and meaningless as the efforts of the Hindu sculptor to symbolise the idea in stone. But the conception is there, and Hindu specula-

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tion, in all its subtlety and boldness, is never tired of grappling with it.

Here, then, we have the root of the main obstacle to our political plans for India—the inherent difference between our philosophy of life and the Hindu's. His belief, however it may have been veneered by contact with the West, is that the chief end of man is to get in touch with the infinite, and that everything else is secondary. We on the contrary regard the practical service of humanity as the chief object in man's life, and we leave the mysteries of the infinite to look after themselves. For his purpose the Hindu finds help in asceticism, and in his heart he looks down upon the comforts and facilities of the West. Ready enough he often is to adopt those comforts and facilities; but he dismisses them as an incident, whereas we, it seems to him, make them our chief objective. Hence of late he has never wearied of telling us that the East is spiritual and the West material—an assertion which many a serious-minded Englishman hears with a touch of resentment. The individual Hindu may be anything but spiritual according to our notions; he may be mean in his private life, callous to the sufferings of others, arrogant, selfish. The individual Englishman may be generous, humane, single-minded and unselfish. Why should the latter be stigmatised as materialistic merely because he does not, like the former, cogitate on the unknowable? It is the old antithesis, on which Saint James waxed eloquent, of faith versus works; and fortunately there are plenty of good Hindus who do not allow their faith to interfere with their works. Yet the chasm remains unbridged between ourselves and those who believe that our political ideals, if adopted by them, must withdraw their minds from the only search which is essential to human peace.

At one time a bridge, it seemed, might be possible. When the government of India was assumed by the Crown, a new spirit began to blow into the country. The universities which were established after the Mutiny were for-

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tunate in securing a number of Englishmen of the best type as teachers. Young Indians who had come under their influence subsequently made their way to England, and got caught up there in the heyday of Gladstonian liberalism. A period of genuine zeal and admiration for English literature and political ideals ensued. Few of its representatives now remain. The friendliness of those happy days weakened gradually; with the enormous increase of university students the old personal influence of the English teacher declined; and contrasts began to be drawn between our principles and our practice. The failure of Lord Ripon's plans for local self-government in India appeared to imply that the liberalism of Gladstone's England was not meant for export. From Lord Curzon's viceroyalty onwards the old enthusiasms steadily waned; our teaching and our theories of culture continued to be memorised for examination purposes, but under the surface there was a definite swing back to older allegiances. We knew little of it, and did nothing to check it. The youth of this generation cherishes very different feelings towards us from those of his father. What grounds have we, he asks, for our constant assumption of superiority? Is he not as good as us at our own special fetish, the competitive examination? Can he not hold his own with us in debate? Does he not often beat us in knowledge of our own literature, even in our own games? And as to our boasted civilisation, is not his far more ancient, and just as good? Had not his forefathers fathomed many of the mysteries of nature and fashioned mighty empires while ours were still untutored savages?

The war tore away the last pretence of respect for our institutions and our ideals. India realised in a vague way that we were fighting for justice, in which, however, she saw no special merit but only duty; and it seemed at least probable that we were fighting for markets as well. She was in no mood to appreciate the greatness of our effort or the majesty of our sacrifices. What she did see was that

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European nations, the fine flower of Western culture, had unchained the elemental passions of humanity, and shown themselves no wiser or better than the nations they had presumed to instruct. It was half-way through the war that Tagore published his famous denunciation* :—

We have seen this great stream of civilisation choking itself from débris carried by its innumerable channels. We have seen that with all its vaunted love of humanity it has proved itself the greatest menace to man, far worse than the sudden outbursts of nomadic barbarism from which men suffered in the early ages of history. We have seen that, in spite of its boasted love of freedom, it has produced worse forms of slavery than ever were current in earlier societies—slavery whose chains are unbreakable, either because they are unseen, or because they assume the names and appearance of freedom. We have seen, under the spell of its gigantic sordidness, man losing faith in all the heroic ideals of life which have made him great.

This is the creed on which the new Nationalism of the Hindus is being nourished. It looks back, to quote Tagore again,† on an “India, of about fifty centuries at least, who tried to live peacefully and think deeply.” It looks out on a world where there is neither peace nor deep thinking. It challenges all our ideals, as mere dogmas of materialism ; and it accepts our offers of political enlargement only as a means for getting rid of us and our hypocrisies. Hinduism has in its day defeated and absorbed the reforms of Buddhism ; it withstood and outlived the attacks of Islam ; it is convinced that it will similarly dislodge the British dominion, after extracting from it whatever may be most useful for its own purpose. Of how little moment, then, it is obvious, are the manœuvres of political parties, and the patching up of legislative compromises, in comparison with this solid rock athwart the stream of our hopes ? For this belief that our methods are doomed is very widespread. Moderates and extremists may differ as to means and pace, but in their purpose they are at one. The challenge of Tagore and the “soul-force”

* *Nationalism*, by Sir R. N. Tagore : page 56. † *Ibid.*, page 7.

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of Gandhi are only the loud speakers for a wave of sentiment that is vibrating to-day through the whole domain of Hinduism.

It is necessary to recognise this attitude of mind. It is barely possible to do more, so different is the whole outlook. Even with our friends in India—and we still have many good friends who appreciate the unselfishness of our policy—the common ground is getting narrower. Here perhaps the writer may be allowed a parable. In the early spring of this year he was standing with two men on a Swiss meadow, looking across one of Switzerland's finest lakes to the Alps beyond. One of the men had excellent vision ; the other was myopic and wore strong glasses. Each of them was enthusiastic over the prospect. To the one, it was clear, the beauty of the scene lay in the spacing of the different distances, in the varied colours of the lake and the further snows, in the play of sun and shade under the passing clouds, to all of which his quick eye was attuned. For the other the charm of the landscape had been the boldness of its contours and the brilliancy of its high lights ; his vision had brought it to him like a flat oleograph, and had missed all the *nuances* which had rejoiced his companion. When they talked of the splendour of the scene, their language was similar, but their mental pictures differed entirely. It reminded the listener forcibly of a conversation which he had held with an old Indian comrade, some months before, on the relations between England and India. Each had tried his best to see the other's difficulties, and up to a point had succeeded ; but in the end there remained a radical incompatibility of outlook, which there seemed no means of harmonising.

For examples of where the difficulty lies, let us revert to some of our own *idola fori*—parliamentary institutions, democracy, industrial development. We are fond of reminding other nations of the long and painful evolution of the liberties of our parliamentary government ; and we hint freely to India that she cannot hope to arrive in a day

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at what in England cost our fathers centuries of struggle and sacrifice. The Indian nationalist listens with respect but without conviction. Why all this fuss about a Parliament, he asks : in India we have got one, and we are quite prepared to follow all the proper conventions ; we understand the grouping of parties, the decencies of debate, the ethics of the division lobby, and all the rest of it ; why should we not go ahead ? If in answer to this he is pressed to realise that Parliament means something more than mere mechanism and that it ought to be the expression of the will of a sovereign people, he parts company with us. He knows of no sovereign people. Should we insist on the formalities of elections and the ballot-box, he accepts them as part of the ritual ; but Parliament still remains to him an assembly of the natural leaders of the people, scrupulous to consult the country's welfare, but in no particular sense answerable to the people for their decisions. Then take democracy. To the orthodox Hindu it means frankly the antithesis of all the essentials of social existence. Every man, he admits, has a right to justice and fair dealing ; but to give equality, even of opportunity, to the fit and the unfit, the twice-born and the outcaste, is unthinkable. With perfect honesty he looks upon the whole conception as madness. Turn to industrial development, one of the war-cries of the Nationalist party. It wounds their national sensibility that India should be, in their own favourite phrase, "a hewer of wood and a drawer of water," a purveyor of raw material to the rest of the world, and dependent on the rest of the world for the manufactured product. Consequently, to remove this reproach, a modicum of factory work must be subsidised and protected, even if the agriculturist has to suffer. For the rest, they know that the manufacturing genius of India lies in its cottage industries ; and though it did not suit them to go all the way with Mr. Gandhi in his cult of the spinning-wheel, they would admit that he spoke the mind of orthodox Hinduism in the matter.

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III

IN his speech introducing the Indian budget last March at Delhi, the Finance Minister (Sir Basil Blackett) used the following striking words :—

I do not think it is open to challenge that the depths of understanding of man's relation to the Infinite which have been attained by the best of India's speculative thinkers hold out to Western civilisation as it exists to-day a hope of spiritual progress which is an essential complement and corrective to the materialism which springs from over-emphasis on the practical business of conquest of nature's secrets and their compulsion to man's service. India long ago revolutionised mathematics and provided the West with the key to the most far-reaching of all among the mechanical instruments on which its control of nature has been built, when it presented to Europe through the medium of Arabia the device of the cypher upon which all modern systems of numeration depend. Even so, India to-day or to-morrow will, I feel confident, revolutionise Western doctrines of progress by demonstrating the insufficiency and lack of finality of much of the West's present system of human values.

This must be taken as something more serious than a mere courtesy of a fencer in debate. If it means anything, it means the possibility of some accommodation between the divergences of ideals which we have been considering. To effect such an accommodation involves a considerable revolution of thought, both in India and in England ; and it will not be the work of the politician or the constitution-monger. Meanwhile the issue in the political sphere is becoming imminent. We are fast approaching the heart of the problem which the statutory enquiry of 1929 will have to face. We have introduced into India a political system which is based on certain of our own constitutional axioms. Those are not the axioms of orthodox Hinduism, and it is orthodox Hinduism which is the practical guide of life for the great mass of the people. The educated classes, with whom alone we can deal, are willing

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to work the machinery of our system irreproachably, but in their own way ; and consequently they must demur, as they consistently do, to the British Parliament setting itself up as judge of their work, for it must inevitably judge them by its own axioms, which are not in their creed. Such being the fundamental position, how is the 1929 Commission going to direct its enquiries ? Can it be content with discussing dyarchy, or the transfer of more departments from the official hierarchy to Ministers, or the extension of the bicameral system ? Or will it have to probe deeper, and examine whether responsible government, in our sense of the words, is a goal towards which India can move ? To state these questions is not meant in any way to prejudge them. This article did not set out to offer any solution for the political problems which are so rapidly maturing in India. Its endeavour is merely to show that these problems are not what on the surface they may appear, and that a field of profound interest and importance is open to the political philosopher.

PROHIBITION IN THE UNITED STATES

MUCH has been said about the American experiment in prohibition. In this country a large part of the discussion has been of little consequence—the exchange of disconnected personal observations, friendly advice as to places where safe liquor may be got, skirmishes of prejudice, airings of opinion and cocksure prophecies as to the state of things ten years from now. Fuel like this has kept the pot simmering ; but little else has come out of it in the way of sustained thought or concerted action. Abroad the subject has apparently been dealt with in the same way—the personal experiences of a few people who have made hasty visits to this country, enlivened here and there by the sort of news which foreign papers gladly print regarding American life and manners.

No one ought to be thanked for adding any more words unless he has good reason for doing so. And this article would never have been written if Mr. Wayne B. Wheeler, Counsel for the Anti-Saloon League, had not made a surprising statement on April 18 in his testimony before a sub-committee of the Senate. "This is no time," he said, "to raise the white flag to the liquor interests. Prohibition is at its Gettysburg. The fight can be, and is being, won." Now a great many people in the United States and abroad have hitherto thought that this particular Gettysburg was fought early in 1919 when the ratification of the Eighteenth Amendment to the Constitution by the required number of States established the principle of

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prohibition as the law of the land. They have felt that the end of the war—its Appomattox Court House—occurred in January, 1920, when the Volstead Act went into force, providing machinery to give effect to the principle established the year before. They have regarded the period between 1920 and 1926 as a period of maladjustment to the inevitable. But when Mr. Wheeler, whose every wish is enemy to the thought, says that the war is still on, and that this is Gettysburg, then it might be just as well to take stock of the situation and see where we are.

I

ONLY one first-class study of the prohibition situation has been made—the report put out in September 1925 by the Department of Research and Education of the Federal Council of Churches. The report is brief, well written, comprehensive, scientific and judicial.

A summary is a poor substitute for a document. Nevertheless, because of its importance, some indication must be given as to the character and contents of the Council's pamphlet: "The prohibition régime came about through a very clear registering of the popular will in so far as the Congress and the Legislatures of the States may be assumed to reflect it." . . . This has been followed by "first, a falling away on the part of the religious and moral forces from the crusading enthusiasm which brought about the new régime; secondly, the rapid development of a counter movement of popular opinion." . . . "The resulting problem is made more difficult by the strong individualistic tradition in American life, our heterogeneous population," the political grip of the liquor business on politics, our dual form of government, Federal and State; and the moral reaction after the war. . . . "We are now witnessing a supreme test."

"Statistics are only partially significant and are

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conclusive." . . . "The wholesome effects of prohibition are registered in inconspicuous ways," they are "almost impossible to measure." On the other hand, in many cases, the trend of the social consequences of prohibition "ever since 1920 has been unfavorable and disturbing." Answers to a questionnaire indicate that, since prohibition, homes are better furnished, wives are better provided for, marital relations improved, sanitary and mental conditions of the home have been advanced. There has been less malnutrition and less delinquency among children, but more drinking by young people and less respect for the laws in general. "The replies, it is true, do not distinguish strictly between results of prohibition and those of general increased prosperity." But quite a different picture is presented by the case records of dependent families, . . . "a sharp drop about 1920 in the percentage of cases in which intemperance was a factor, but very decided and fairly consistent increases since that date." "The question is, can the unfavorable trend of the prohibition period be overcome?"

Deaths from cirrhosis of the liver have increased slightly, from alcoholism definitely, since 1920. "Alcoholic insanity is now much less prevalent than it was in 1910, but more prevalent than in 1920." The economic results of prohibition are the hardest to measure. But "it would be idle to dispute the assumption that prohibition has been an important factor in keeping saving bank deposits at a high level. Improvement in premium collections from industrial life insurance policy holders point in the same direction. . . . Good authority can also be found for the statement that industry has profited very materially through heightened morale."

As for crime statistics, "the index numbers representing the proportion of State prisoners to total population of the United States (1917—100) fell to 78 in 1920, but rose to 98 in 1923." . . . "There is unmistakably a rapid increase in violations of the law, chiefly of the mis-

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demeanor class. It is gratuitous, however, to blame prohibition for this fact. All that can be asserted is that prohibition has thus far not prevented an increase in such offenses." . . . The situation with regard to drug addiction is clearer: "It is the experience of every authority, without exception, that prohibition has had no effect whatsoever on the prevalence of drug addiction in the United States."

"Nothing like the amount of liquor is consumed in the United States that was consumed prior to 1920. . . . The problem is chiefly a moral problem, arising out of the widespread violation of the law." In New York City "it is stated on the highest authority that complaints of violation of the Volstead Act have been coming before the United States Commissioner from the police department alone at the rate of 15,000 a month." The cities of Indiana present a different picture: ". . . there the prohibition policy would at least seem to be firmly established. . . . Neither New York nor Indiana is typical, and the average condition of the country presumably lies somewhere between." . . . "The total amount of smuggled liquor is not great enough to make it more than a minor phase of the prohibition enforcement problem . . . the smuggling problem is chiefly a governmental and diplomatic one. . . . Yet when it is remembered that this stock of contraband goods is turned loose upon a comparatively small section of the country and that the traffic is maintained by a prodigious criminal conspiracy, the demoralizing effect of it cannot be overestimated."

The home brewing of beer has failed "both as a national sport and as a commercial enterprise." The illicit manufacture of "moonshine whisky is hard to measure." It is extremely prevalent in some sections, but "there is reason to hope that the dangers connected with drinking 'moonshine' will tend more and more to confine the traffic to habitual drinkers." "Statements with regard to the growth of an illicit wine trade have been greatly exagger-

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rated." For example, the production of wine grapes in California was 350,000 tons in 1924 as compared with 400,000 tons in 1919. The grape production for the entire country slumped 20 per cent. in 1924. On the other hand, "literally hundreds of fictitious Jewish congregations . . . have been found engaged in fraudulent schemes to secure the release of 'sacramental' wine" from bonded warehouses. And as for the type of warehouse which contains industrial alcohol, its annual deposits and withdrawals have risen from 83,000,000 gallons in 1921 to 124,000,000 gallons in 1924. Since this specially denatured kind of alcohol can be readily distilled for beverage purposes, "it is in this connection that some of the most conspicuous scandals have occurred."

The total cost of prohibition to the Federal Government as represented by specific appropriations for the fiscal year 1926 is \$19,319,817; but there is still "very much to be desired in the way of law enforcement efforts." "The fact remains that until comparatively recently no effort of any consequence was made to deal with the smuggling situation, which became a national scandal; that in the very important matter of granting permits governing the movement of liquors and of industrial alcohol, abuses of the permit privilege have been allowed to go without notice for long periods of time; that 'breweries' whose large-scale operations it should have been a comparatively simple matter to watch, have put large quantities of beer, supposedly intended for de-alcoholising, directly on the market in defiance of the law; that alcohol has been diverted to beverage uses in enormous quantities, due to ineffectual administration of the law." "Prohibition enforcement, so far as its responsible heads are concerned, has lacked statesmanship and courage." The salaries of agents are so low "as to invite irregularity," political patronage in the appointment of these men "is a curse," and the co-operation of State authorities with the Federal Government is inadequate.

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"If infractions of the law incident to the retail trade in liquor should continue on the present scale, nothing but a sweeping change in public opinion can prevent the effectual nullification of the National Prohibition Act." What is this public opinion? It is hard to gauge. Out of 169 prominent business men in New York City, 118 favored a modification of the law, "industrial labor is largely hostile to prohibition," while editors of Middle Western newspapers support it strongly. "The fundamental fact is that a large part of our people are unconvinced with reference to the liquor traffic. The trouble is with the people more than with the Government."

These are the main lines of the Council's report. A careful effort has been made to preserve its tenor and temper. But for all that, the summary is inadequate: for highly compressed matter cannot be compressed further without some distortion, and delicate transitions of thought cannot be represented by dots.

II

WE have it on the authority of President Nicholas Murray Butler of Columbia University, as quoted in the *New York Evening Post* of April 29, that there has been "a tremendous reversal of opinion in the last twelve months." Doctor Butler makes a sweeping statement and it is somewhat doubtful whether he could back it up. For no one has any sure knowledge of the state of public opinion to-day, let alone its state twelve months ago.

In place of such knowledge we have some figures, which, like most of their kind, are open to interpretation. In 1922 the *Literary Digest*, a weekly magazine, attempted to learn the public state of mind by means of an unofficial referendum. Votes were cast by 922,833 persons, of whom 39 per cent. voted for strict enforcement of the Volstead Law, 20 per cent. for its repeal, and 41 per cent. for a

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modification which would permit the sale of "light wines and beer." In March of 1926 the Newspaper Enterprise Association conducted a second "straw ballot"; 1,740,062 votes were cast, of which 19 per cent. were for strict enforcement, 31 per cent. for repeal, and 50 per cent. for modification. It would appear that if in 1922 thirty-nine per cent. of a widely distributed *clientèle* were dry, and if, four years later, this figure shrank to 19 per cent., President Butler must have good grounds for his statement. And perhaps he has. But it should be pointed out that while the first straw vote covered individuals in both city and country, the second, by its nature, was confined to cities of a fairish size. Knowing the traditional "wetness" of the city and the traditional "dryness" of the country, one might expect to find some such difference in two such ballotings, even though they had been conducted on the same day. This kind of unofficial referendum is carried on without the indispensable safeguards. No restriction can be effectually put on the number of votes cast by any one individual. There is no way of preventing the use of fictitious names; there is no protection against a "stuffed ballot box." So one is left to choose between the generalization of a college President, some ambiguous figures, and the mere opinion of the Research Committee of the Federal Council of Churches that a majority of Americans still favor the Constitutional Amendment and the Volstead Act.

III

THE report of the Federal Council was intended to place facts regarding the prohibition régime within reach of any one who cared to read them. It was a conscious effort to pull controversy out of the clouds and down to earth. But one cannot help feeling that this report had a second result never intended by the authors—it provided much material, collected by the "dry" side, which has

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served as ammunition for the "wets"; while the mere fact that one powerful church agency, interested in prohibition enforcement, was ready to admit a considerable measure of failure, must have given great encouragement to those who want the Volstead Act wiped off the books.

At all events, whatever the predisposing conditions, the Senate found itself on April 1 with several Bills on hand, all of them touching upon the prohibition question. It must be borne in mind that the present régime in the United States rests partly upon the Eighteenth Amendment to the Constitution,* partly upon the so-called Volstead Act. The first lays down the principle, the second provides for its enforcement, and in particular establishes a rule that beverages containing one-half of one per cent. of alcohol or more shall be considered "intoxicating" within the meaning of the Amendment.

Now the Amendment itself, passed by the votes of the Legislatures of three-fourths of the separate States and thereby ratified as a part of the Constitution, can only be repealed by a like vote and a like procedure. There are very few people who have hopes or fears in this direction. For a repeal of the Amendment would involve not only a complete reversal of attitude throughout the country, but also a public confession that one of the most widely advertised social experiments in the history of the world had failed. There is, however, another more vulnerable approach, arising out of the fact that those who drew up the Volstead Act laid down a fantastic definition of "intoxicating beverages." And since the Act is an ordinary statute, not a constitutional amendment, it may be modified by the same procedure by which it was passed—a majority

* XVIII. Section 1. After one year from the ratification of this article, the manufacture, sale or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Section 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation. . . .

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vote of the Houses of Congress. Certain "wets," therefore, argue in this wise: that since Congress has established an extremely *low* alcoholic content for intoxicating beverages, and since the Supreme Court has held this to be a not unwarrantable exercise of power, so now, if Congress chooses, it can set an extremely *high* alcoholic content in its place. In this way the Amendment would be virtually nullified, without being repealed in fact. This is not bad constitutional law, and it is the line along which the more vigorous "wets" are pressing.

So we find that one of the Bills submitted to the Senate provides for a new definition of intoxicating beverages by raising the permitted alcoholic content to 2.75 per cent. Another Bill generously increases the figure to 4 per cent. Still another would allow the manufacture and sale of light wines and beer under government supervision. A fourth would introduce the Canadian system of government manufacture and sale; while the fifth, a Bill of doubtful constitutional validity, calls for a national referendum to test the sentiment of the country. On the first of April these measures were before the Committee of the Judiciary, to whom they had been referred by the Senate as a whole. No one of these Bills had any chance of favorable action from a predominantly "dry" Senate; what is more, none of them had even a chance of being favorably reported back to the floor of the Senate out of a committee constituted of thirteen "drys" and three "wets." Nevertheless, there was enough of President Butler's "public opinion" in the air to make it seem advisable to hold open hearings, and on April 5 the hearings began.

Twelve days were taken up in testimony. Much of it was either opinion or exhortation: most of it was definitely biassed one way or the other. Wide publicity was given to the hearings, and certain leading metropolitan newspapers printed them *in extenso*. So far as it was the intention of the "wet" leaders to arouse public discussion, they did it: so far as it was their intention to prove the impossibility

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of prohibition enforcement, they made conspicuous advances. For example, they called Lincoln C. Andrews, Assistant Secretary of the Treasury, and chief of the staff charged with enforcing the law. General Andrews stated that, in his opinion, not more than 5 to 10 per cent. of the illicit liquor within the country was smuggled, and of this amount not more than 5 per cent. was intercepted. He admitted that 875 members of the prohibition force out of a total of 10,000 had been discharged for cause—incompetency, corruption, drunkenness. He claimed that more than 170,000 illicit stills for the distillation of liquor had been captured in 1925, but was forced to admit that in addition to these "there might be, so far as he knew, an immense number of small stills in private houses in the United States unknown to his department and for which he had no means of discovery." He thought that, in spite of the efforts of his staff, twelve to fifteen million gallons of alcohol were diverted for beverage purposes from bonded government warehouses in the course of the year.

Emory R. Buckner, United States Attorney for the district which includes New York City, gave testimony from his own past year's experience, which tended to corroborate all that General Andrews had said: "Before assuming my office on March 2, 1925, I spent nearly a month making a survey. . . . I think it is not far wrong to say that close to 50,000 violators of the Volstead Law were being brought into the Federal Building in the course of a year. . . . I found the fifth floor of the building a seething mob of bar-tenders, peddlers, waiters, fixers. . . . The Assistant United States Attorney told me that he was five months behind." And as for the effect of his own efforts to get a jury conviction for violation of the Volstead Act: "I have been wholly unable to wheedle a jail settlement of a man who was arrested only for selling." It would cost, he thought, over \$70,000,000 to dry up New York State alone.

So the hearings ran. They proved that in certain impor-

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tant centers the law is inadequately enforced. They suggested that, in these centers, the law might prove unenforceable. The testimony appeared to favor the "wet" side of the controversy: and this is not unnatural, for the chief argument of the "drys" rests upon the deplorable state of affairs which existed before the war, when the saloon was in its heyday. Many of these pre-war memories have faded away. What is more, they cluster around the saloon, and none of the "wets" are prepared for a minute to advocate its return in any shape or form. It would be hard to tell whether opinion in the United States has, or has not, changed during the past twelve months. But "wet" sentiment is certainly more articulate, and carries with it an air of power and self-confidence which was wholly lacking a year ago. "Prohibition is at its Gettysburg," said Mr. Wheeler. It begins to look as if Mr. Wheeler were right.

IV

WHICHEVER way one turns, the issue is an ugly one. Conditions were deplorable before the passage of the Volstead Act—perhaps no worse or no better than in other countries, but thoroughly bad from the social point of view. Since 1920 these conditions have changed their features but not their ugly face: prohibition "enforcement" has brought in its train evils quite as great as those from which the country escaped. And now, in the near distance, is a fresh maelstrom of controversy, rotten politics and propaganda, whirling round the core of our present evils, and likely to engage the energy of people's minds for the next several years. No one can rejoice at the prospect.

For prohibition is back again in politics. The three-cornered fight between Pinchot, Pepper and Vare for the Republican nomination as Senator from Pennsylvania hangs

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definitely on the prohibition issue.* Republican leaders in New York State, hitherto "dry" in politics, are now considering the political advisability of nominating a "wet" candidate for Governor to stand at the November elections. And a Republican Assembly and Senate, likewise traditionally "dry," have just voted to place before the people of New York State next autumn the following question by way of referendum :

Should the Congress of the United States modify the Federal Act (the Volstead Act) to enforce the Eighteenth Amendment to the Constitution of the United States so that the same shall not prohibit the manufacture, sale, transportation, importation or exportation of beverages which are *not in fact intoxicating as determined in accordance with the laws of the respective States* ?

It is surprising that the State Senate passed this Act : it is more surprising still that its leadership was followed by the Assembly, a majority of whose members are drawn from country districts, usually reckoned as "dry." But perhaps the most significant fact of all is that the Bill was drafted by no political hack, but by Mr. Elihu Root, the senior statesman of the Republican party in the United States. Such a referendum, even if answered affirmatively by an overwhelming majority, could have no binding effect upon the national Congress. But, as the expression of a state of mind, it might easily provide the thin point of a wedge to split congressional opinion apart, and, in the end, bring about in Washington a modification of the present enforcement law. Whatever the outcome, a re-appraisal of the possibilities of statutory regulation is under way, and popular education, conspicuously lacking for a generation past, is taking place with respect to the functions and practice of government.

No one can see the prohibition issue return to the arena of national politics without great misgivings ; least of all

* Since these words were written Mr. Vare has won the primary election.

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the politicians themselves, who may find the existing party structure crumbling under their feet. For the alliance between certain States of the North and the "solid South" under the title of the Democratic party has been unnatural. The relationship has been maintained, not because of substantial common interests, but because there has been no major issue to break it. In the same way the Republican party, viewed nationally, has been little more than the name of an accidental association between certain industrial States of the East and certain agricultural States of the West. The prediction has often been made that these unsubstantial ties will be broken by the first important national issue : and that once broken, the industrial East with certain industrialized States of the new South will find themselves aligned against the rest of the South and all the agricultural West.

It would be foolish to minimize the acuteness of the situation. Strong language is in the air, and strong feeling is increasing. While the sub-committee of the Judiciary was taking its twelve days' testimony, controversy over-ran the committee room and appeared on the floor of the Senate. The ablest of the "wet" Senators, Mr. Bruce of Maryland, pitted himself against the ablest Senator among the "drys," Mr. Borah of Idaho ; and for the sake of those who still suffer under the illusion that there is no fire beneath the smoke, the most spirited passage of their debate is quoted at length :—

Mr. Bruce : I know this, that, whether we like it or dislike it, the opulent portion of the American population are going to have their wine, Constitution or no Constitution, statute or no statute. That has been demonstrated.

Mr. Borah : I beg the Senator to permit me to proceed. The Senator has stated the issue. Let us argue it. The Senator has stated that the issue is that they propose to have what they want with reference to intoxicating liquor.

Mr. Bruce : They do.

Mr. Borah : Regardless of the Constitution of the United States or the statutes ?

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Mr. Bruce : They do.

Mr. Borah : If that be true, and I have no doubt that is just what the Senator thinks—

Mr. Bruce : I do.

Mr. Borah : If that be true, is it not the orderly thing to do so long as we profess to live under a constitutional Government, to amend the Constitution in the manner provided by the Constitution itself and rewrite the charter under which we live ? Can the Senator conceive of anything more demoralizing and undermining to the good citizenship of the people than to have a solemn pledge in the Constitution and to have great Senators stand upon the floor of the Senate and say the people are going to have what they want regardless of whether it is constitutional or not ?

Mr. Bruce : I can conceive of nothing more deplorable, nothing more tragic, nothing more scandalous, but I take human nature as it is. In other words, I look at this question exactly as the Free Soiler looked at the institution of slavery.

Mr. Borah : Of course, and when Wendell Phillips spoke with reference to that proposition he said, "to hell with the Constitution."

Mr. Bruce : Yes, he did.

Mr. Borah : But there came along the man, who, disregarding Wendell Phillips, found a way to solve that great question by amending the Constitution and effecting the change which he desired under the Constitution and not in violation of it.

Mr. Bruce : How did he find it ? He found it by tracing his way through fire and smoke, and flame, and blood.

Mr. Borah : I am one of those who believe that the Constitution is of sufficient value, if it is necessary, to trace our way through blood and fire in order to maintain it as it is.

Mr. Borah, of course, was speaking of Abraham Lincoln, and the part he played in the Civil War. Mr. Borah, in fact, may have had in mind what Lincoln said in 1858 in his debate with Judge Douglas :—

"There can be nothing in the words 'support the Constitution' if you may run counter to it by refusing to support any right established under the Constitution. Do you not violate and disregard your oath ? I can conceive of nothing plainer in the world."

Many honest, freedom-loving men have held that view—including Mr. Borah.

But Mr. Bruce may have been thinking of another pro-

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nouncement, made some years earlier, in 1840, by no less an authority, who said :—

"Prohibition will work great injury to the cause of temperance. It is a species of intemperance within itself, for it goes beyond the bounds of reason, in that it attempts to control a man's appetite by legislation and makes a crime out of things that are not crimes. A prohibition law strikes at the very principle on which our Government was founded."

Many honest, freedom-loving men have likewise held that view—including Mr. Bruce. But including also the man who held it first of all—Abraham Lincoln.

United States of America.

May 1926.

THE MENACE TO HONGKONG

TWO main factors in the Chinese problem especially concern us, the insistent and natural claim of a re-awakened China to a revision of the attitude of the West towards her and the menace to British interests. This article only deals with the second, but that does not mean that the first factor can be left out of account. It is indeed at the root of the trouble in the Far East, and the need for putting our relations with China on a new basis has already been emphasised in these pages and some shortcomings of our own recognised.* The danger to our position is, however, of so grave a character in the South† that it is essential that the public should realise what is happening there, and it concerns the Americans, the French and the Japanese as well as ourselves, for, to judge from the words of a high Kuomintang official which are quoted below, what is our turn to-day may be theirs to-morrow.

I. THE ORIGIN OF THE BOYCOTT

THE boycott is no new weapon in China's armoury. We know from the old John Company records that, in the days of the Canton "factories," whole fleets were not infrequently detained, swinging idly at their moorings

* THE ROUND TABLE, No. 58, March, 1925, p. 276, and No. 60, September, 1925, p. 674.

† A map will be found appended to this article.

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for months at a time and forbidden to load their valuable cargoes of "Tea, Silk and Turkey Rhubarb," pending the settlement of some dispute between the Chinese officials and the Company's agents; while the boycott's first cousin *pa-shih* (close the shops) is now and always the Chinese merchants' most effective protest in the face of illegal impost or tyranny. It is only during the present century, however, that the Chinese have come to realise the efficacy of the boycott as a retaliatory measure. Of recent years, the most noteworthy example was the one which followed the presentation of the Twenty-one Demands by Japan in 1915. It reached nation-wide dimensions and lasted intermittently for nearly seven years. For that movement there was some justification. But it cannot be claimed for the anti-British boycott now operating in South China and aimed especially at Hongkong that it is prompted by any comparable grievances.

To get at the root of the trouble it is necessary to go back to history. The impact of the West upon China and its inevitable results have already been described in THE ROUND TABLE.* The boycott owes its immediate origin, however, to the affair of May 30, 1925, at Shanghai, when a collision took place between the police of the international settlement and an excited mob, and a number of Chinese, among them several students, were killed and wounded. This was followed by a violent anti-foreign outburst accompanied by a general strike and boycott, levelled chiefly at the British and Japanese. There was afterwards regrettable delay in dealing with the Shanghai affair and more understanding might have been shown; but for the incident itself we were no more responsible than any of the other Powers. We have, however, from the earliest days of Western intercourse with China led the van both in diplomacy and trade, and our interests are easily the most conspicuous in the East. It was natural, then, that we should become the principal target of the agitation.

* THE ROUND TABLE, No. 58, March, 1925, p. 276.

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Anti-foreign sentiment was aggravated by lying propaganda disseminated by Bolshevist agents, who further utilised the trouble to foster an impression that the Chinese were writhing under the tyranny of foreign aggression, or imperialism. The boycott assumed serious dimensions: hundreds of ships lay idle at Shanghai and other ports, and Anglo-Chinese trade was completely paralysed, the losses running into millions of dollars. British trade is now showing signs of revival in the Yangtse valley, and will doubtless continue to improve if political conditions grow more settled. Despite, however, the unceasing efforts of the Chinese merchants of Hongkong, backed by the Hongkong Government, no slackening is discernible in the relentless boycott directed against us from Canton, and it is the purpose of this article to recount the circumstances that have accompanied this determined war on British trade and prestige in South China.

II. EVENTS IN KWANGTUNG

TO understand the present situation, some knowledge of recent political happenings in the Kwangtung Province is essential. Canton, its chief city, has been the centre of revolutionary strife, and the much-prized goal of ever-contending armies since the inception of the Republic in 1911, with the result that, from being one of the most progressive and prosperous provinces in China, Kwangtung was, in the words of the *North China Herald*, reduced by the end of 1920 to

a dismal state of poverty and debt by the avarice, corruption and misrule of the Kwangsi militarists, who, entering the province ostensibly as defenders of the Constitution, proceeded to impose illegal taxes, to license gambling and disorderly houses, to encourage the traffic in opium, and to permit the smuggling of arms by robber bands.

Shortly after the appearance of this indictment the Kwangsi militarists in question were ejected by a Cantonese army

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operating from Swatow under Chen Chiung-ming, following whose victory there arrived on the scene his former patron, Sun Yat-sen, "the stormy petrel of Chinese politics" and the recognised leader at that period of the Kuomintang, or Nationalist party. Sun's peculiar temperament, however, would not allow of his working harmoniously with Chen, and by the summer of 1922 they were at open enmity, and Sun was compelled to seek safety in flight, a British gunboat conveying him to Hongkong. Taking up his residence at Shanghai, Sun made the acquaintance of the Russian emissary, Joffe, who initiated him into the mysteries of the Soviet creed, which for Sun became invested with a new significance. He was aware that in Canton, thanks to Soviet propaganda, the Labour leaders were impregnated with communist ideas; but, until his association with Joffe, Sun had not contemplated adopting Bolshevism as a means of attaining political power. He shortly had an opportunity of testing his newly-acquired theories.

In February, 1923, Chen Chiung-ming, opposed by a combination of Hunan, Kwangsi and Yunnan militarists, retired to his native stronghold on the East River, Waichow, and Sun Yat-sen went South again to reorganise the Canton Government. Allying himself on his arrival at Canton with the Kuomintang extremists, Sun declared his policy to be "the overthrow of imperialism and militarism." Yet he saw nothing paradoxical in imposing his own will on his fellow countrymen by the employment of large numbers of mercenaries from other provinces, for whose maintenance he sanctioned the reintroduction of gambling, brothel and opium monopolies. To Borodin, the Soviet envoy, who had been despatched from Moscow specially to exploit Canton, he extended the heartiest of welcomes, and encouraged the formation of additional student and labour organisations, permitting the open dissemination amongst them of Bolshevist doctrines. As the influence of Borodin and his Russian colleagues increased, they were

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invited to participate in the political conferences of the Kuomintang, with the result that the party was rent in twain, the extremists predominating. The enrolment of a "Red army" was approved, and Russian officers were appointed to train cadets for this new force at the Whampoa Academy. Allegiance to Peking had long been even nominally renounced, and a new flag of Soviet design adopted—red, with a white star on a blue quarter.

Attempts by Sun to seize the Canton Customs, in order to obtain additional revenues, were unsuccessful, and on the second occasion they led to an international naval demonstration, following which, Sun became more and more the mouthpiece of his Russian advisers, his bitterest invective being reserved for Great Britain, now described by him as the arch-enemy of progress, though, speaking two years earlier at the Hongkong University, he had exhorted his student audience "to study the good government of the English and carry it to all parts of China." Sun's appearance in public at this period did not differ at all from that of any other of China's War Lords. He moved surrounded by guards fingering the triggers of their Mauser pistols. His avowed communist principles proved obnoxious to many of his followers and, what was of greater consequence, alienated the sympathy of the Cantonese overseas,* on whom he had depended largely for financial support. His trusted representative and personal agent in the United States, Dr. Ma Soo, would have none of the new doctrines, and returning to China tried unsuccessfully in conjunction with other moderates to lead the Kuomintang at Canton back to safer paths and a saner policy.

Meanwhile, the conduct of Sun's mercenaries, who treated Canton as a conquered city, levying all manner of taxes, confiscating temple and public lands, holding rich citizens to ransom, and impressing hundreds of workers into

* Kwangtung supplies an overwhelming percentage of the Chinese emigrants to Singapore and the Malay peninsula. Swatow alone sends 120,000 persons there a year.

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military service, aroused the resentment of the populace, and led to an attempt on the part of the merchants to organise an armed force for their own protection. Volunteer companies, formed for defence against brigandage, already existed in town and country throughout Kwangtung, and the merchants sought to link up and concentrate the larger number of these at Canton. Towards this scheme Sun feigned a friendliness he did not feel, and gave his sanction to the importation of a consignment of arms ordered from Europe by the merchants. On the arrival of the steamer, however, Sun not only refused to allow the volunteers to take delivery of the arms, but ordered the arrest of their commander-in-chief as a rebel, and was only prevented from bombarding the city by the protests of the Consular Body. The exasperated merchants responded to this tyranny by starting a business strike throughout the province. Feeling on both sides ran high, and the inevitable clash came on October 10, when there was a skirmish between a small party of volunteers and a procession of Bolshevist organisations. Four days later, the Red army was turned loose on the city, and there ensued scenes of slaughter and desolation which wrung the following lament from a Chinese eye-witness :—

The great city of Canton, after being subjected for years to the tyranny of an alien army of mercenaries, finally had inflicted upon it a holocaust of slaughter and conflagration such as it had never known.

* These events in Canton were overshadowed at the time by the struggle for supremacy in the North between Wu Pei-fu and Chang Tso-lin, but they aroused a wave of anti-Sun feeling amongst Cantonese all over the world.

A month later, recognising the precarious nature of his hold on the South, Sun accepted an invitation from the victors in the northern conflict to attend a reorganisation conference at Peking. He left Canton in failing health, and died three months after his arrival at the capital. Much has been written concerning the character and achieve-

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ments of Sun Yat-sen, but nothing truer than Professor Soothill's terse estimate:—"As a destroyer he had few equals; constructive powers were not his."

Sun left his successor at Canton, Hu Han-min, confronted with the growing menace of another struggle with Chen Chiung-ming, who, emerging from his retreat near Waichow, had assembled his supporters at Swatow, with the object of making another bid for political supremacy in Kwangtung. Chen Chiung-ming himself has no pretensions to military knowledge. He is a scholar, not a soldier, and though on this occasion he assumed the title of commander-in-chief to avoid dissensions amongst his generals, he left the actual conduct of operations to them. The campaign that followed is noteworthy because of the opportunity which it afforded to the Russian-drilled Red army to prove its mettle in the field. The force despatched from Canton against Chen Chiung-ming included a heavy proportion of raw levies, amongst whom disciplined units were cleverly distributed by Chiang Kai-shih, the general in command of the Whampoa Cadets. The method employed by the troops under his immediate direction when assaulting an enemy position is worth recording. Selected units from each company would rush forward and plant small red flags at objective points; the main attacking force, coerced when necessary by the pistols of their "Cadet" officers, would then advance until the position was captured. By these novel tactics, assisted by an infinitely superior strategy, the Kuomintang army easily defeated Chen Chiung-ming's forces, and in a remarkably short space of time reached Swatow. On the arrival there of the Cantonese Commander-in-Chief, Hsu Chung-chih, Kuomintang officials were appointed to all the principal posts, and the Kuomintang emblem was substituted for the Chinese national flag on the public buildings. This was in March, 1925.

The victors practised no brutalities on the inhabitants of the conquered districts. Their soldiers appeared to be subject to iron discipline, and it was indeed Chen Chiung-

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ming's retreating forces that were most dreaded by the country people. In Swatow itself, good order was maintained, and no antagonism manifested towards the foreign community; but a flood of communist propaganda was let loose on the population. The local Press gave prominence to inspired articles calling for the abolition of unequal treaties, and the rendition of the Maritime Customs; stump orators were to be seen everywhere preaching the same theme, and much activity was observable amongst the hitherto quiescent Labour organisations.

In May, the situation in Canton began to create some anxiety. The Kuomintang leaders had fallen out with the Kwangsi and Yunnan mercenaries and the two sides were ranging themselves in preparation for the usual contest for possession of the city. Responding to an urgent appeal for help, Hsu Chung-chih was compelled to despatch his brilliant general, Chiang Kai-shih, with the Whampoa Cadet regiments to the assistance of his party, thereby weakening his own position in Eastern Kwangtung. Hsu himself remained at Swatow, until late in June, arranging a compromise with Chen Chiung-ming's representatives. He then returned to Canton leaving Swatow under the dual control of one of his officers, with 200 soldiers as a body-guard, and an official belonging to Chen Chiung-ming's party with a similarly limited military force.

Hostilities broke out at Canton in the beginning of June, and continued in a desultory way until the 12th of that month, when the Red army, reinforced by the Swatow contingents, crossed the river from Honam and, advancing into the city, completely routed the allied Kwangsi and Yunnanese forces, which retreated in disorder towards the North River. A reign of terror followed,

all whose speech showed that they were not Cantonese being singled out for attack, with the result that many hundreds of inoffensive individuals of all classes, including women and children, were killed in the streets.*

* Translated from the Cantonese newspaper, *Hsien Hsiang Pao*.

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This wanton massacre was only arrested when the Kuomintang leaders placed the city under martial law, and entrusted the maintenance of order to General Chiang Kai-shih. A new Government was subsequently formed, consisting of sixteen "Commissars," with Wang Chao-ming as Chairman, Hsu Chung-chih as War Commissar, and Liao Chung-hoi, the notorious "Chief of the Labour Division," as Commissar of Finance. The portfolio for Foreign Affairs was taken by Dr. C. C. Wu, Hu Han-min retaining his position as Generalissimo of the Kuomintang forces.

Much of the excitement engendered by the shooting incident at Shanghai had by this time died down, but the Kuomintang extremists were now assured of the supremacy of their party and they united with the students in urging the more vigorous prosecution of the anti-British and anti-Japanese boycott. The Labour unions were accordingly induced to declare a sympathetic strike to start simultaneously at Hongkong, Canton and Swatow on June 21, whilst public demonstrations on a grand scale were staged for June 23.

III. THE SHAMEEN INCIDENT

WITH a few exceptions, all Chinese employed on the Shameen, the island on which the British and French concessions stand, left their work on June 21, 1925. The following day a Japanese was killed in a fracas outside the gates, and it was deemed advisable to erect sandbags and barbed wire defences to protect the Concession. At Hongkong the students, including those at the university, and a large number of domestic servants ceased work and left the Colony; the trams also stopped running for a time. On the other hand the Hongkong Mechanics' Union—the only one, be it noted, to employ the secret ballot—decided against the strike, and the maintenance of the water and electricity services was thus assured. There was, indeed,

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at this juncture a lack of spontaneity on the part of the working classes in Hongkong, and anti-British sentiment was evidently a dying flame. Fresh fuel was supplied in a startling fashion.

Since 1919, when Peking students marched in procession to burn down the house of an unpopular Cabinet Minister, all public demonstrations have been modelled on the same lines. At a given time and place, representatives from the local schools and colleges, boy and girl students of all ages from six years upwards and Labour organisations of every description line up in procession. Marching four abreast, each group is shepherded by a leader whose function it is to "fan" the shouting of pre-arranged slogans, after the fashion of American college yells, which are taken up and repeated at frequent intervals. Banners of all sizes inscribed with denunciations of Imperialism figure plentifully in these demonstrations. The apparently unending columns of marching men, women and children; the thrilling cadence of their concerted cries; the rolling drums, regulating the step of the marchers; the waving banners: it is easy to imagine the effect of all these things upon the emotions of the watching crowds.

Such was the procession which, on the afternoon of June 23, made its way along the Shaki street, the busy thoroughfare on the city side running parallel with the Shameen and separated from it by a narrow creek. The rear of the procession was brought up by detachments of the Whampoa Cadets, elated by two victorious campaigns, and in the very mood for, if not actually seeking, trouble. As these Cadets, fully armed, arrived opposite the Victoria Hotel on the Shameen, several shots rang out from the Shaki side and some disorder was discernible amongst their ranks. A moment later, they turned and fired deliberately across the creek at the Shameen, killing a French merchant and wounding three civilians, one of whom was a woman. The French and British marines guarding the Concession returned the fire with machine guns, and a sharp

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fusillade ensued from both sides for about ten minutes, followed by intermittent firing for another hour. There were a few further minor casualties on the Shameen, including a British petty officer, who was shot in the hands whilst running down the British front line sounding the "Cease Fire." Of the processionists, according to the British official report, dated June 25, 37 were killed, including one woman, four students and a teacher of the Canton Christian College, and about 80 wounded. In Chinese accounts of the occurrence the number of both killed and wounded is considerably higher than these figures. An attempt was at once made by the Canton local authorities to fasten the onus of this affray on to the British; but there is no room for doubt that the Cadets were the first to open fire, a fact which was later testified to by neutral eye witnesses, including the Danish Consul and an American naval officer. It transpired subsequently that two Russians had been bribed to discharge their revolvers near the procession with the object of provoking a collision. But it was difficult to get the Chinese to believe this and the difficulty was not lessened by the appearance in the *Canton Gazette* (an anti-British organ, printed in English and supported by Russian money) of a statement over the signatures of responsible American and British professors attached to the Canton Christian College, attributing the occurrence to provocative firing on the part of the British. This allegation was incorrect. But it was quoted by every Chinese newspaper in the country, and did an immense amount of harm which the retraction that subsequently appeared in the Hongkong papers could not neutralise.

But for this second regrettable incident, it is doubtful whether the general public would have responded sufficiently to extremist agitation to enable the strike and boycott to be maintained. To them the cry against Imperialism and unequal treaties probably conveyed little meaning; but the shooting of a number of their compatriots provided concrete evidence of foreign brutality which their intelli-

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gence could easily grasp. The stream of returning strikers to Hongkong ceased instantly, and the atmosphere became charged with a current of resentment rendered more intense by the wholesale distribution amongst all classes of specially prepared photographs of the unfortunate victims.

Since June 23, a date as fateful to the South as May 30 to the North, residents on the Shameen have lived in a state of siege, dependent on Hongkong for every necessary of life, deprived of their clerical and domestic staffs, and compelled to perform every kind of menial task themselves. It is difficult for people in England to realise what this means. The Chinese meet the long enervating summer of the South along the line of least resistance: clothing is reduced to a minimum; food is taken on the sidewalk; and a general atmosphere of fans and cane chairs prevails: whilst all but the very poorest families have their *amahs* or little *mui-tsai* (slave girls) to attend to their needs. Such latitude in dress and deportment is not possible for the European, whose standard of manners does not always make for comfort in tropical climates. Shameen itself, a reclaimed sandspit, on which the British and French quarters stand, is a tiny lozenge-shaped island less than a mile in circumference, with the Pearl River flowing past its front and, at its rear, the narrow congested Shaki creek dividing it from the mainland and the suburbs of Canton; fair to look at, because of the care bestowed on its trees and public lawns, but a trying place to live on at the best of times. With one or two insignificant exceptions, no house possesses a garden. The noises and smells of the city and the crowded, muddy river constantly offend the senses. The temperature during the seven-months' summer is high and humid, keeping the body all day in a state of continual perspiration; while the airless nights are even less bearable. The majority of the houses have the primitive sanitary arrangements of an English country cottage, and lack the most ordinary kinds of labour-saving

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devices, deficiencies which add greatly to the trials of housekeeping.

The plight of British residents at the smaller treaty ports, such as Wuchow, Kongmoon and Swatow, has been even less enviable. At Wuchow, the well supplying the house of the Commissioner of Customs, a Japanese, was deliberately polluted because he entertained some officers from a British gunboat. But perhaps Swatow, where there is no foreign concession or residential area, and the foreign community is very scattered, has suffered most. The strike started there on July 2, since when the houses of all British residents have been closely picketed, and local food supplies completely cut off. The provisions necessary to keep them alive have had to be obtained from Hongkong and landed by themselves. They have had to do their own cooking, washing and housework. The sight of well-known British residents carting refuse, or acting as hewers of wood and drawers of water for the various houses, is now so common as to excite no further interest. The British members of the Customs staff, by virtue of being in Chinese Government employ, are allowed a small daily ration of fresh food, but other British residents, men, women and children alike, are living almost entirely on tinned provisions, to the detriment of their health. To add to the strain of the earlier days of the strike, all-night sentry work was considered advisable for the safety of the women and children, and an amateur signalling station was in constant communication with the British gunboat in the harbour. Neither sampans nor rickshaws are allowed to accept British "fares," and no exception is made in favour of H.B.M.'s Consul—though he may be on his way to interview the Chinese officials. Yet, paradoxical as it may sound, the efforts of Bolshevik agents from Canton to create anti-British feeling have met with little response, and the bulk of the population is in no sense hostile.

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IV. THE BOYCOTT

INTIMIDATION is the chief weapon of the Labour unions for the enforcement and maintenance of the strike, and it is used ruthlessly and on a wholesale scale. After the declaration of the strike, employees of British firms or residents who did not cease work at once were threatened with personal violence. If this failed to have the desired effect, they would receive letters from a so-styled "Blood and Iron Society" containing crude drawings of daggers, or marrow-freezing messages would reach them over the telephone. In the case of a servant from the North who insisted on remaining in a British household, the Servants' Union employed women to abduct his wife, thereby compelling him to give up the unequal struggle. In another case, an old man, unwilling to leave his work, was recalled to his home in the country by the village elders, who had been warned that, if he persisted in serving an Englishman, their houses would be burnt to the ground. Other forms of intimidation include threats to desecrate the family graves of obdurate employees, or to assassinate members of their families. The punishment meted out to those who ignored the warnings given to them was, in the beginning, of a mild character; they were paraded through the streets wearing conical paper hats inscribed with the characters "Foreigners' Dogs." As time went on, however, strike breakers were treated much more drastically, being beaten unmercifully, tied up by the thumbs to poles, and exposed to the heat of the sun, presenting by the end of the day—with their blackened faces and swollen tongues—a spectacle calculated to impress all observers. At Hongkong, with the backing of British authority, it was found possible to check intimidation. But at Canton, Swatow and other treaty ports in Kwangtung, not only did the officials profess to be unable

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to control the Labour unions, but the police actually assisted them by putting in gaol anyone sent to them by the Strike Committee.

Another readjustment of power occurred at Canton in August. It arose out of the assassination of Liao Chung-hoi, Commissar of Finance, and the discovery by the extremist members of the Government that certain of their fellow Commissars whose Bolshevik principles were of a somewhat pinkish tinge, were plotting their overthrow. The subsequent arrest of Hu Han-min, Sun Yat-sen's successor, and the flight of the War Commissar, Hsu Chung-chih, created a great sensation and though the influence of his numerous friends soon secured Hu Han-min's release, his activities were effectually sidetracked by his despatch to Moscow on a "special mission," General Chiang Kai-shih succeeding him in command of the Red army. General Chiang it may be noted, is not a Southerner, but a native of Chekiang province, from which a large proportion of the Whampoa Cadets also come.

Taking advantage of the confusion in the Kuomintang ranks at Canton occasioned by the above mentioned incidents, Chen Chiung-ming's reassembled forces evicted the tiny garrison which Hsu Chung-chih had left behind at Swatow, and reoccupied that city early in September. As a consequence, the strike situation became slightly easier. Nevertheless, the few British steamers which called at the port in the hope of working cargo were unable to do so. The executive members of the Labour unions had fled on the departure of their "Red" protectors, but before leaving they threatened terrible vengeance on any who attempted to break the strike, and the military situation was so uncertain that few had the courage to do so. Their caution was soon justified, for Chen Chiung-ming was again compelled to evacuate Swatow before the advance of a Red army, which entered the city on November 5. The Labour union leaders reappeared simultaneously, and have since entirely dominated the situation.

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Originally, the strike and the boycott were directed against all "Imperialistic Powers." But at an early stage of the movement the Labour unions at Canton and Swatow received instructions from the "Political Commission of the Kuomintang" to exclude France and America from the scope of their operations. To excuse this inexplicable partiality towards the French, it was solemnly asserted that their marines took no active part in the Shaki shooting incident! In September, the Japanese were able to arrange a compromise with the Strike Committee, and from that time onwards the full force of the boycott has been concentrated on Hongkong.

Since last June no ships under the British flag have been allowed to load or discharge cargo at Canton, Swatow or the West River ports. Their place has been taken by an increasing number of Norwegian, Dutch, Danish and Chinese steamers. From each non-British vessel the Strike Committee collects a "subscription" of \$2,000 a trip and they are permitted to enter and work only on condition that they avoid Hongkong whatever their destination. On certain valuable export cargoes, *e.g.*, silk, heavy supplementary fees have to be paid, amounting to as much as \$5,000 or more a trip. In this way, a system has been established by which British trade is transferred to "neutral" nations. A British river steamer maintains regular communication between Hongkong and Shameen, but she has not used her wharf since the beginning of the strike. She lies in midstream, whilst armed launches circle round and seize any native boat attempting to go alongside. Not infrequently boats so caught are taken to the nearest jetty and broken up as a warning to others. Passengers' luggage is subject to inspection by pickets, and articles of British origin found therein are confiscated. In a statement of accounts of the Foreign Employees' Union at Swatow, which recently appeared in the local Press, the share of the "subscriptions" from non-British shipping received by that minor organisation

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from the Strike Committee for the months July-November, 1925, was given as \$6,000. The total receipts for the same period amounted to \$32,000, and consisted chiefly of compulsory donations from the compradores of foreign firms. That the accounts showed a debit balance of \$14,747 would appear to be due to the periodical disappearance of succeeding treasurers.

The boycott has evolved one of the most remarkable organisations ever known outside regular government. It has its own law courts, whether for the punishment of those transgressing the rules of the Labour unions, or for the adjudication of the amount of tribute to be paid on goods seized from the merchants. Since the settlement of the Customs trouble in Canton this spring, when the port was closed by order of the Commissioner of Customs as a way of putting an end to illegal seizures of goods between ships and the shore, the Strike Committee has established its own examination shed where cargo is taken for inspection after it has passed the Customs. All foreign goods are in the first place regarded as British, and the onus of proving the contrary rests with the importer. To avoid the delay caused by this constant search and confiscation of their goods heavy bribes are paid by merchants. A feature, in fact, of each new strike regulation is that it is apparently made for the purpose of being lucratively broken. Unquestionably, those who control the boycott organisation are accumulating fortunes. So well is this realised that entrance fees are demanded of all who are admitted to the ranks of the pickets. Permits to travel to and from Hongkong might be obtained from the Strike Committee at \$20 each.* Persons attempting to travel without them are liable to arrest and exemplary fines, or imprisonment and torture. Permits to enter the Shameen also cost \$20, whilst goods entrusted to the safe keeping of foreign firms on the Concession, a much-used privilege during disturbances, may only be removed on payment

* The charge has now, it is reported, been reduced to \$3 a head.

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to the Kuomintang Trade Commissioner of from one to two per cent. of the total value, *plus* stamp duty.

Attempts have been made to set down in figures the damage that is being done by the boycott to the colony of Hongkong. Taking official trade statistics as a basis, experts have computed the loss at not less than £300,000 daily. But there is damage in less apparent ways that cannot be even approximately determined. Hongkong is the trade entrepôt of the Far East, and the distributing point for all the enormous trade of South China. The Far Eastern commercial interests of many nationalities are centred there and these are suffering equally with British interests from the effect of the boycott. It cannot be expected that they will be content to support their losses indefinitely. Already the extremely valuable silk trade with Canton, which was formerly handled at Hongkong, has been diverted to Shanghai, whither dealers have of necessity followed it. This is one of the more serious aspects of the situation. For trade deflected in this way will be difficult to recover, and if this state of affairs continues much longer Britain's commercial pre-eminence* in the Far East will be a thing of the past. This is not an overstatement. In 1924, Hongkong's share of the £113,000,000 which represented the value of British trade with China was no less than £70,000,000. That the organisers of the boycott are not ignorant of the important part played by the Colony in Britain's economic relations with China is shown by the following extract from a speech delivered recently by Chou En-lai, Chief of the Kuomintang Political Department at Swatow :—

How powerful the Strike is! We have never had anything like it in our diplomatic history since the famous Opium War. It is because of this that the Nationalist Government is so anxious to

* As an example of the way in which British prestige would be affected should this happen :—in February, 1898, the Chinese Foreign Office gave an undertaking to the British Government that the Inspector-General of the Chinese Maritime Customs is to be a British subject as long as British trade predominates in China.

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help and support the movement in Swatow, so that the trouble may continue until we wring the very life out of Hongkong. In dealing with foreigners, continue the severance of economic relations with the British. We firmly believe that some day we shall overthrow British Imperialism. But there is also American Imperialism, Japanese Imperialism, French Imperialism, etc. You will ask, "What attitude should we maintain towards these?" For the present we shall deal with the British alone, and give the Americans, the Japanese and the French time to learn from the lesson being taught to the British.

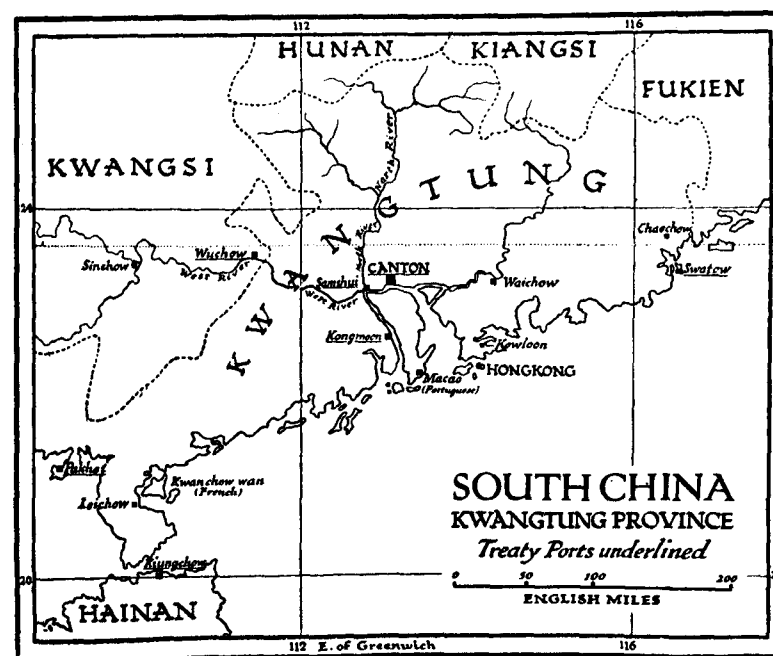
The various discussions, official and unofficial, that have taken place between Hongkong and Canton with a view to the settlement of the boycott, which is causing fully as much harm to the merchants of Canton and Swatow as to those of Hongkong, have hitherto come to naught. By force and intimidation, a small minority of agitators, working for purely personal ends, are keeping alive a movement artificially created and characterised by flagrant violations of treaty rights. It is undeniable that, but for the tyranny of the Labour unions, the boycott would not last another day. What, then, it will be asked, is the position of the Canton Government in the matter? The truth is that, to use a homely phrase, the tail has been wagging the dog. Placed in power by Russian money and arms, both of which have been liberally supplied, and sustained largely by contributions from the illegal revenues of the Strike Committee, the Kuomintang Government in Canton has been a slave to its supporters. It could not break away from them without running the risk of falling as so many of its predecessors have fallen. If by some fortunate concatenation of circumstances it could have been assured of equally powerful aid from any other direction, the probabilities are that Soviet assistance would long ago have been discarded and Bolshevik activities suppressed.

At the moment of writing things look more hopeful. The defeat of Feng Yu-hsiang has naturally affected the South, and if the victorious war lords continue to co-operate and the general situation develops favourably, the

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reaction will no doubt go further. The Kuomintang conference at Canton is reported already to have adopted proposals for suppressing the Communists, and extremists apparently no longer enjoy the same favour as they did. The prospects of the boycott ending are considered better than they have been since its inception. At the same time, whatever may be the desire of the Government at Canton, its power to control the Labour element remains to be proved, and in the meantime the fortunes of British trade will still depend upon the uncertainties of Chinese domestic politics. To what extent this is inevitable it is beyond the purpose of this article to enquire. Its object is simply to give the facts.

APPENDIX



UNITED KINGDOM : THE GENERAL STRIKE

THE General Strike is over and the nation has returned to the problem of the mines. Every other issue was temporarily dwarfed or annihilated by the strike itself. Nothing mattered except that the mass attack, not less an attack because its weapon was inaction, upon the State should be countermanded unconditionally by those who ordered it, or decisively broken by the defenders. It began with a wholesale breach of covenants. One of its first objectives was the complete suppression of public opinion. If the strike had succeeded not a single principle of freedom would have remained intact or could have been defended with any certainty of success in the future. It did not succeed. Ten days of the severest test which could be brought to bear have proved that the ancient foundations of majority rule in Britain can support as stoutly as ever the modern superstructure. The least trammelled political democracy in the world, least dependent upon constitutional checks for its security, has proved itself secure. Foreign critics have had caustic comments to make upon what they regard as the unnecessary muddle out of which the strike arose. Critics at home will be heard presently to the same effect. But, once the danger became an urgent fact, the same foreign observers found that the reserve of political sense was undiminished and reported what they saw with ungrudging respect. The strike did us little credit in the manner of its beginning and no discredit in the manner of its progress.

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From the beginning the Council of the Trades Union Congress, directing the strike, threw all the emphasis possible upon the industrial character of the dispute. They disclaimed with indignation any desire to attack the State or to alter the Constitution. Their intentions and their disclaimers mattered nothing. The act and its consequences blotted them out. Either the strike was an attempt to make the Government yield to force or it had no purpose at all. It was political or nothing. The strike over, there is certain to be much discussion upon the barriers which can be erected to keep industrial action within its proper limits as a means of bargaining only legitimate between employers and their employees. This is an issue for the future. The purpose of the present article is to attempt an impartial account of the way in which a great industrial dispute passed into the region of politics and questions concerning the future prosperity of a basic industry grew into one simple question of the safety of the State.

I. THE NEGOTIATIONS

PREVIOUS numbers of THE ROUND TABLE have given the history of the present dispute in the coal-fields in its earlier stages. Our last issue appeared shortly before Sir Herbert Samuel's Commission issued its Report. This eagerly awaited document was signed on March 6 and published on March 11. We print the summary of its conclusions at the end of this article. Briefly, it found that three-quarters of the coal raised was being produced at a loss. It recommended a large reorganisation of the industry. It proposed that the State should buy out the royalty owners and acquire the property in the mineral at an estimated cost of £100,000,000. It advised the closing of the pits permanently below the economic line, voluntary amalgamations (with pressure from the State where neces-

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sary) among the rest, substantial improvements in the methods of research, transport and selling, and a higher degree of combination between coal and its allied industries. These constructive measures were designed to restore the industry to solvency in the future.

For the present condition of the coal trade the Commission, like the Macmillan Committee before it, blamed neither the owners nor the miners. It is the victim, partly of world changes, partly of the artificial conditions under which coal has been produced in Great Britain during and since the war. The Report recognised that time would be needed before its constructive recommendations could be brought into working, and more time before they achieved their ends. The immediate problem remained to be faced. In the Commissioners' words "a disaster is impending over the industry." For its immediate safety a sacrifice by the miners was inevitable. A continuation of the subsidy was ruled out absolutely. An increase of hours was not recommended. It does not dispose of the difficulty of forcing an increased output upon the permanently contracted market for raw coal. It could be countered by the increase of hours in the competing European countries. But, to quote the words of the Report again, "If the present hours are to be maintained, we think a revision of the minimum percentage addition to standard rates of wages, fixed in 1924 at a time of temporary prosperity, is indispensable." The Commissioners therefore recommended that wages should be reduced, not by a flat-rate cut, but by subtractions varying in the several coal districts, to be settled between the owners and the men. As a safeguard against "cut-throat competition" between the districts they recommended that district settlements should be subject to national revision and that the system of national agreements for the coal industry, as for other industries, should continue.

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The Miner's Wage

At this point one or two explanatory comments become necessary. The loss on coal is heaviest in the districts working for the export trade. It has been a bitter point of controversy all along between owners and miners whether the economic differences between district and district require frank representation in corresponding differences of wage, or whether the minimum rate should cover the country as a whole. The owners have stood for district settlements, the men have always striven to get as near as possible to level national rates. In the past they have looked to a national wage pool out of which the rewards of mining labour might be evened up throughout the country. What the Commissioners recommended was in effect a compromise between these opposed views, though it was also a departure from the principle of the agreement won by the men in 1921 and confirmed in 1924.

Even with a "national minimum" in force, earnings vary through the districts. The wage system in the mines is highly complicated. Its foundation is the "basis rate." This differs from district to district, from pit to pit or from seam to seam. It is fixed on the spot. To allow for the fluctuations of trade and prosperity the next part of the wage is paid as a percentage addition to the basis rate, calculated after ascertainment of the proceeds of the industry in a given period district by district. The basis rate differentiates the value of the work done. The percentage addition allows of the rise and fall of wages according to the condition of the industry. The agreement of 1921 provided that in no case should wages be paid at less than a rate representing an increase of twenty per cent. (33½ per cent. in the 1924 agreement) over the level of 1914. This is the "national minimum." When these calculations are complete and an adult worker is still receiving less than

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a certain daily minimum an additional allowance is made to him. This is the "subsistence wage," drawn by the lowest-paid workers.

The "national minimum" (increased in 1924 when the Ruhr occupation expanded the British coal trade artificially) has become a maximum. Wages have fallen to the "minimum." Yet three-quarters of the coal is being produced at a loss. The Report recommended the variation downwards of the 1924 minimum, but explicitly exempted the subsistence wage. The reduction was thus designed to affect only the wages of the better-paid workers.

Even when a wage-cut had been effected the Report foresaw that losses would still be made in some districts and profits in few. It proposed to rule out the weakest pits from the periodical calculation of the proceeds of the industry. "There is," it said, "no reason why the mine-owners generally should take combined action in order to keep open this class of colliery for a few years longer, at the cost of lowering the standard of living of the men." It regarded it as "a matter of much importance" that the Government should take in hand the assistance of the labour displaced or transferred and should provide funds for the purpose.

Such, in brief, was the Coal Report. Nothing like justice can be done here to its plan for re-organisation. This is ultimately the more important as well as the larger part of the Report. Rejecting the miners' nationalisation scheme, it still gives them the greater part of the reforms for which they have contended.

No more important task was ever entrusted to a Royal Commission than was undertaken by Sir Herbert Samuel and his colleagues, Sir Herbert Lawrence, Sir William Beveridge and Mr. Kenneth Lee. They had to work at speed, and they could not work in ignorance that the problem they were called on to solve had already (in 1925) brought the country to the very threshold of a General

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Strike. There was almost unanimous agreement that they had done their work with masterly ability. The subsidy of July was an expression of despair over a deadlock that the industry itself seemed incapable of resolving. The Report with its intricately and impartially balanced judgments and proposals offered a working plan for the recapture of prosperity in the coal-fields and a means of forcing agreement upon unreconciled opponents. The next thing was to secure that agreement before May 1 when the subsidy terminated.

The Government's Condition

It was necessary first to know the Government's attitude towards the Report. On the day of publication the Prime Minister called the parties together and invited them to give it unprejudiced study and to abstain from premature polemics. The truce was well kept. On March 24 Mr. Baldwin again summoned miners and owners to Downing Street. He informed them that the Report contained recommendations which, taken by themselves, the Government would not accept. But "in face of the unanimous Report of the Commission and for the sake of a general settlement" the Government would adopt and, where necessary, act upon it provided that the other two parties also accepted it.

This was an important condition. It meant that, failing agreement between owners and miners upon the still immediate question of wages, the programme of reconstruction, involving Government action, would go by the board. It meant that they were to resume the negotiations that had broken down so hopelessly in the previous summer. It meant, too, that the miners, as the party called on for the first real sacrifice, had to consent, whether in detail or in principle, to a reduction of wages before there could be an opportunity of joint conference

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on practical measures of reconstruction to safeguard wages in the future. The miners had, in the Coal Report, advantages in sight which were not in sight in 1925. But they could not be attained without some surrender of wages.

On March 25 the miners met the Industrial Committee of the Trades Union Congress, and received a fresh assurance of its willingness to support them in securing a favourable settlement. On the same day, for the first time since the appearance of the Report, the miners formally met the mine-owners. The real conference began in the following week on March 31 and lasted two days. The upshot was that the owners announced their acceptance, though not in terms of conviction, of the recommendations of the Commission. On the essential question of wages the owners proposed that the general principles of an agreement should be settled at once and nationally and that the determination of the minimum percentage should be left to the districts. The miners replied that the owners' insistence upon district settlements was "an almost insurmountable obstacle to an amicable settlement," and that, as no definite wages proposals had been set before them, they must assume the reductions to be as drastic as those proposed in the previous year. Their next step was to lay the position before the Industrial Committee of the Trades Union Congress, whose approval they were careful to secure at every stage, and a delegates' conference of the Miners' Federation. On the recommendation of their Executive the miners' delegates adopted the following resolutions :—

- (1) That no assent be given to any proposal for increasing the length of the working day.
- (2) That the principle of a national wage agreement, with a national minimum percentage, be firmly adhered to.
- (3) That, inasmuch as wages are already too low, we cannot assent to any proposals for reducing wages.

These demands became crystallised as "not a cent off the

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pay, not a minute on the day." They were plainly incompatible with the findings of the Report and have never been publicly varied.

On April 13 the owners and the men met again. The men presented the owners with their reply to the recommendations of the Report. The bulk of them, requiring action by the owners or the Government or both, were naturally acceptable to the men. The recommendations affecting wages and hours were not. The miners' reply stated that they saw no advantage in referring wage-rates to the districts. The national body, representing all districts, was competent to discuss them. They did not agree that a varying minimum percentage was necessary. Beneath the flat-rate percentage addition the variety of basis rates already secured sufficient flexibility. They considered that the proposal to redistribute the present hours over the working week—a subsidiary proposal in the Report—was impracticable. They complained that the owners had put no new wage-scales before them and in the same breath explained that they were debarred by the resolutions of their delegates' conference from negotiating on hours and wages.

The negotiations were abandoned. The position was now this. The only considered plan in existence for promoting the earning capacity of the industry in the future was the scheme of reconstruction worked out by the Commissioners. It could not take effect without action by the Government, as provided in the Report. The Government would not bind itself to act upon the merits of the Report without securing the assent of owners and miners first. For the miners that implied the acceptance of a general wage-reduction in principle and it involved the resumption of the direct negotiations between the two parties which had ended, after six months of conference in 1925, in failure—and the subsidy. The owners had strained the meaning of the Report in their own favour. (This was Mr. Baldwin's and the

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general opinion.) The men answered with a flat refusal to consider the parts of the Report immediately affecting them. There were only two weeks of the subsidy to run. With the subsidy finished and the Report rejected, the industry would be left to its own resources.

Mediation and the Deadlock

The Government and the Industrial Committee of the Trades Union Congress now endeavoured to mediate. The first obstacle was the owners' insistence upon district conferences. The Prime Minister induced the owners to draft a national agreement. He secured another meeting between the parties on April 21. The owners still declined to offer a national minimum wage, asked for wage-cuts varying from 1s. to 5s.* a shift through the districts, and proposed a reduction of the subsistence allowances. These terms were instantly rejected. Mr. Baldwin then began a series of conferences with small committees of owners and miners, with the Industrial Committee always at hand. Little progress was made. The Prime Minister afterwards complained with justice of the difficulty of negotiating on delicate issues with two parties, one responsible to over a thousand colliery undertakings with varying views and interests and the other bound hand and foot by the decisions of a delegate conference.

When the morning of April 30, the last day of the subsidy arrived, the deadlock was unabated. In the course of the day a fresh offer was put before the Prime Minister by the owners. They returned to the national minimum and offered the 1921 figure—a 20 per cent. addition to "standard" (i.e. 1914) wages—with an eight-hour day in a five-day week. About six o'clock that day the Prime Minister was informed that this offer, too, had been rejected. The men were already leaving the pits and the stoppage in the coal-fields had begun.

* These figures are worked out by the miners' officials.

The Negotiations

The hope of peace died hard. The Trades Union Committee now strove to secure a limited extension of the subsidy in order to allow negotiations to continue free from the duress of an actual stoppage in the mines. Mr. Baldwin asked again for assurances from the miners that they would accept the conclusions of the Report on wages. The miners replied that they were ready to consider "all the difficulties" after the measures of re-organisation had been "initiated" by the Government. The Cabinet answered that there was ambiguity in this. It offered the miners representation on a committee to advise upon "whatever proposals for re-organisation are of benefit to the industry." It pressed the miners to say whether they would accept some reduction of wages in the interim period before these proposals took effect. The miners repeated their refusal.

The Final Breakdown

On Saturday afternoon, May 1, the Trades Union Congress decided to declare a strike in certain vital services, including all transport services and the printing trades, for Monday midnight unless the mines dispute had in the meantime been settled. The Government, by Royal Proclamation, declared a state of emergency. After taking its decision the General Council of the Trades Union Congress took over "the conduct of the dispute and all the negotiations connected therewith."

On Saturday evening the negotiating committee of the Trades Union Congress went to Downing Street and the search for such assurances as would justify the Government in temporarily prolonging the subsidy began again. The Trades Union Committee were ready to say that they "felt confident" that a settlement would be reached within a fortnight "on the lines of the Report." The difficulty was to know how far this assurance pledged the miners. The discussion was adjourned early on Sunday morning. The

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miners' leaders had returned to their districts and had to be recalled. On Sunday evening it appears that the Trades Union Congress had somewhat strengthened the form of their undertaking. According to Mr. J. H. Thomas, in the account he gave of the proceedings in Parliament subsequently, they had definitely accepted a formula in the required sense and "were going to tell the miners that (they) had done so." Statements made by the Prime Minister in Parliament and by the Attorney-General, Sir Douglas Hogg, in the *British Gazette* show that Ministers had a different impression and had small hope that the Trades Union Congress would succeed in weakening the obduracy of the miners. It was, at any rate, as the event showed, necessary for the Trades Union Congress to consult the miners. While the Cabinet awaited the result of the deliberations between the Trades Union Congress and the miners, news reached them that the National Society of Operative Printers and Assistants ("Natsopas") had taken exception to a leading article in the *Daily Mail* and were refusing to allow it to appear. This, taken in conjunction with their knowledge that strike notices had already been issued, decided the Cabinet. In the Prime Minister's words, it was "direct action of the worst kind." The Trades Union Congress was informed in writing that the negotiations were broken off. Mr. Thomas afterwards declared that this was the first news he and his colleagues had had of the action of the Natsopas. They sent a deputation forthwith to the Cabinet to repudiate the action as unauthorised, but found that Ministers had already dispersed. It was in itself a small point on which to break off, but the Government obviously realised the impossible position for the purpose of negotiation in which they were placed by Saturday's decision to call a General Strike. So ended six weeks of negotiation.

The issue was now as grave as it was simple. In a public statement the Cabinet declared that if the miners or the Trades Union Congress on their behalf had been ready to

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say plainly that they accepted the Report, the Government would have been prepared to continue negotiations and to extend the subsidy for that purpose. But the action taken by the Congress and the "overt acts" already reported involved "a challenge to the constitutional rights and freedom of the nation." "His Majesty's Government, therefore, before it can continue negotiations, must require from the Trades Union Committee both a repudiation of the actions referred to that have already taken place and an immediate and unconditional withdrawal of the instructions for a General Strike."

II. THE STRIKE

IT would not be to the purpose here to attempt a picture of England under the strike. That picture, with full detail, has been flashed all over the world. Day by day life became easier and the victory of national improvisation more certain. One by one the people resumed or expanded their customary activities. Most conspicuous and important of all was the recovery of railway traffic. This assertion of volunteer efficiency more than any other broke the back of the strike. The outlook for the strikers became hopeless when the railways had succeeded in organising a service of several thousand trains a day and were daily increasing the number.

The fort had had to be held while the steam engine was coming to the rescue. Fortunately science, which has made the hold-up of the community possible, has also furnished it with new weapons of self-defence. Sudden dislocation and panic are the instruments—gingerly used as they have been for this time—of the General Strike. The first was countered by the petrol engine and mechanical road transport, infinitely and instantly adaptable for emergency use. The second had been provided against by the wireless set. Broadcasting maintained the unity of

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the country when the voice of the Press had been largely stifled. From John o' Groats to Land's End we became a nation of listeners-in. Rumour had short shrift. At least five news bulletins were broadcast daily. The Prime Minister, Lord Grey and others of national reputation and standing were able to address the community as though it were one man. Most of the opposition, be it remembered, were also hearing in their own quiet homes the arguments put to them as individuals. As for the plans and instructions of the Executive, a battalion on parade could not have heard them more easily or more quickly.

The Stroke at the Press

The stroke aimed at the Press recoiled at once on the trade unions. Nothing established more forcibly in the average mind the unconstitutional character of their policy. A newspaper-reading public was sharply woken to it. Invaluable as the wireless was for the rapid dissemination of news and as a forum for important addresses, it could not furnish a substitute for the day-to-day play of opinion which it is the function of the Press to provide. Proofs of this were the eagerness with which the emergency issues of independent newspapers were bought up and the guarded attitude which readers instinctively adopted towards the Government organ, the *British Gazette*. "We had some *British Gazettes* here last Friday," said one newsagent, "but the newspapers have turned up for the first time today." This unconscious criticism would apply to any Government journal that was more than a *London Gazette*. The support of the independent Press is of more value to a Government than its own propaganda. But the Government was right to fill the breach in Fleet Street and was in fact compelled to it. The Press was consulted beforehand and declined the responsibility of issuing a joint paper, as has been done in like circumstances in other countries,

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under Government protection. The greater part of the metropolitan newspapers contrived to maintain their continuity unbroken by issuing attenuated sheets, printed, for the most part, in obscure printing offices. They, too, overcame their difficulties as the strike wore on. On the last day papers, small, but complete with news and comment, were obtainable anywhere in the principal London streets. The provincial Press was less disturbed and generally succeeded in maintaining more normal methods of publication. The *British Gazette* was brought out at the *Morning Post* office, commandeered by the Government. Before it stopped it had reached an output of nearly two million copies a day. From the office of the *Daily Herald*, also closed down, the Trades Union Congress produced their reply to the *British Gazette*—the *British Worker*.

Endeavours for Peace

The question whether the strike could succeed was answered very rapidly. What the public wished to hear was when and how it would end. The Government had taken up its position and could make no compromise. The voice of the churches was naturally heard on the side of peace. The most important appeal was that made by the Archbishop of Canterbury on behalf of the leaders of the Christian denominations—other than the Roman Catholic. He proposed "simultaneously and concurrently" the cancellation of the strike orders, a renewal of the limited offer of the subsidy by the Government and the withdrawal of the new wage-scales posted by the owners at the pits. These things, unfortunately, could not happen simultaneously. It was vital for the vindication of elected authority—the essence of political freedom—that the first thing should happen first.

The full story of the various endeavours made to secure this cannot be told yet. Hope began to rise when it was

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heard in the course of the first week of the strike that Sir Herbert Samuel, the chairman of the Coal Commission, had returned to England. He lost no time in employing his knowledge of the coal problem and his authority as principal framer of the Report, to find a way out. After a few busy days of private consultation and discussion the end came. On Wednesday, May 12, the Trades Union Congress asked for a meeting with the Prime Minister. He received them at 10, Downing Street and heard from Mr. Pugh their decision to end the strike unconditionally.

III. AFTER THE STRIKE

IMMEDIATELY after the announcement by the Trades Union Congress, the Trades Union Congress published letters exchanged between the Council and Sir Herbert Samuel. Accompanying these was a memorandum by Sir Herbert Samuel. It embodied proposals "suitable for adoption and likely to promote a settlement of the differences in the coal industry." These had been agreed upon after discussion between the Trades Union Congress and himself. They did not bind the Government. He explained that he had acted upon his own initiative. They were accepted by the Trades Union Congress as furnishing a basis for the negotiations which the Prime Minister and other members of the Government had repeatedly offered to resume as soon as the General Strike had been countermanded. The miners were not a party to this agreement. They rejected it at once.

The conditions of the Samuel memorandum were substantially embodied in a plan which the Government, now convinced of the impossibility of a direct agreement between miners and owners, drafted for their acceptance. We print both the memorandum and the plan as appendices. There are differences to be observed between them.

After the Strike

Sir Herbert Samuel in his memorandum suggested that the subsidy should be renewed "for such reasonable period as may be required" for the purpose of negotiating a new agreement. The Government proposed an immediate reduction of wages, tempered by the condition that the whole of the net proceeds of the industry for the first quarter of the year should be credited to wages and by a further contribution to earnings from a final sum of £3,000,000 placed at the disposal of the industry. The proposed Wages Board was to decide the amount of the immediate reduction within three weeks. The Government plan would assure the execution of all the constructive measures recommended in the Report, except the nationalisation of royalties and the provision for the municipal sale of coal. These, though not mentioned, were not expressly excluded.

The differences, on Sir Herbert Samuel's own testimony, are not important. In an explanatory statement he has pointed out that, taken as a whole, his memorandum of peace terms did not contemplate an unconditional subsidy. The miners decline to negotiate on wages. "The question of the renewal of the subsidy and the withdrawal of the notices pending the negotiations cannot therefore arise, since there are no negotiations." He adds:

I am confident that if the Miners' Federation had accepted the Memorandum of May 12, and had declared their willingness to resume discussions with a recognition that some wage reduction might be found to be inevitable, and with a determination to reach a settlement, no deadlock would have taken place on the question of renewal of the subsidy for a short period while these discussions were proceeding. The Government would not have allowed a stoppage to have occurred on that account, and had they shown any hesitation in the matter, the opinion of the public would have found very definite expression.

Other differences, he demonstrated, were rather verbal than real. Whatever the differences, their interest is academic for the moment, the miners having rejected out of hand both the memorandum and the Government

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offer which followed it. Again the miners have refused to consider any reduction of wages or increase of hours. Both the owners and the miners have declined the arbitration of the Chairman of the proposed Wages Board in the event of disagreement between their respective representatives. The owners hold that the plight of the industry is solely due to "political interference." They protest against further "political interference," and demand freedom of management for their industry and confidence in their ability to put it right.

The Prime Minister's Reply

Both sides have communicated their views to the Government in replying to the proposals put before them. Mr. Baldwin answered with two letters, one addressed to the owners, the other to the miners. He rebuked the "uncompromising attitude" of the owners conveyed in their letter, though recognising that they have made some advances while the miners have made none.

But (the letter continues) he profoundly disagrees with your association in attributing the troubles of the industry to "political interference." The Government have, in many instances, made it clear that they do not desire to interfere in trade disputes in which there is an indication that the parties are able and willing to settle those disputes for themselves. But he would point out that what is called "political interference" in the mining industry has been entirely due to the incapacity, now again so conspicuously shown, of that industry, unlike other industries, to settle its disputes for itself. He deplores your association's apparent inability to recognise that it was quite impossible for any Government to have stood aside in matters where the national well-being is so vitally and disastrously affected.

The essential feature of the proposal laid before you by the Government was that both sides should agree to leave the crucial point of the dispute—the figure of minimum percentage on basis in the various districts—to be determined in the last resort by arbitration. This is a principle that has over and over again been accepted by other great industries. It is true that the attitude of

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the other side has made it at present impossible of application in the present dispute, whatever were the attitude of your association. But the Prime Minister cannot refrain from the comment that, in summarily rejecting the proposal as one that "seeks to import an element of coercion into the machinery of negotiation," your association appears to show an inadequate appreciation both of the nature of the proposal and of the gravity of the present situation.

At the same time he informed the miners that no useful purpose could be served by his meeting them as long as they ignored the "emphatic conclusions" of the Royal Commission on the subject of wages.

The Government (his letter proceeded) have never concealed the fact that there are recommendations in the Report that they only accepted with reluctance, and could not have accepted except in the hope of a general settlement. This hope has been disappointed. In these circumstances, it must be clearly understood that the Government regain their freedom for all purposes, and no longer hold themselves bound by the terms of an offer which has been rejected. In particular, in view of the great and growing burden imposed on the national finances by the general strike, and the present stoppage in the coalmining industry, it will be impossible for the Government to hold open beyond the end of the present month the offer of any further subsidy.

Here, at the moment of writing, the dispute rests—a complete deadlock.

IV. INDUSTRY AND THE FUTURE

THE two days following the announcement that the General Strike had been called off were in some ways more anxious than the days preceding it. For a time it seemed possible that the confusion in industry might continue and take on a more embittered form. The strike had torn up the agreements under which wages and conditions were safeguarded in the transport, printing and other industries. Employers could have used the occasion, lawfully if unwisely, to insist upon the revision of these agreements

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to the disadvantage of the unions. Had they done so they would certainly have inaugurated an era of industrial guerrilla and intense class feeling. The victory of the community would then have been the final defeat of all endeavours for industrial co-operation. "Magnanimity in politics—and in industry—is not seldom the truest wisdom." The immediate risk of sectional strikes was great. The railway men's leaders actually ordered their men to remain "out." A fine appeal followed from Mr. Baldwin in a speech in Parliament. There was an immediate response. The railway managers, as Mr. J. H. Thomas was the first to point out, met the men in a statesmanlike spirit. The railway settlement set an example for the employers' answer to the King's appeal for a lasting peace and the Prime Minister's earnest deprecation of "malice or vindictiveness or triumph." The railwaymen were to be taken back at the old wages, under the old conditions, and in order of seniority, though the companies could not and did not promise to find work again, until the traffic recovers, for all the men who left it. The men's representatives at the same time admitted that the withdrawal of labour without notice and with no grievance of their own was a "wrongful act." They gave undertakings not to repeat it. This admission and the growing unemployment caused by the coal stoppage have caused some unrest in the railway world.

In the course of the strike a speech by Sir John Simon and a judgment by Mr. Justice Astbury upon the illegal character of the General Strike had a very marked effect. According to them the union leaders not directly parties to the mines dispute cannot claim the protection of the Trade Disputes Act. Mr. Ramsay MacDonald's condemnations of the method are on record. Mr. J. H. Thomas openly declared his disapproval of it in the height of the strike. It has been urged that the law protecting the right to strike requires definition and limitation. This, however, it is generally agreed, is not a question to be

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approached in the heat of the present moment when resentment at the heavy loss and inconvenience inflicted upon millions by the national stoppage is still strong. The Cabinet has promised inquiry.

The Unions' Dilemma

It is not to the law, however, but to the state of public conviction on the subject that we must principally look for security in the future. The General Strike was a fortunately incomplete exercise in revolution—without rebellion. The leaders were like a man laying a sleeper across a railway track and protesting that his intention is to impress the engine-driver and not to wreck the train. The sleeper was taken away in time. The passengers have nothing more to complain of than a severe jolting. But it might easily have been a huge catastrophe. A General Strike, as Moscow pointed out, either becomes definitely civil war after a point or it has no purpose at all. Thanks to the steadiness of all sections of the people and not least of the trade unionists on strike, it was called off before a shot had been fired anywhere in the land. The troops were hardly visible. What little disorder there was was mainly hooligan work. The union leaders insisted on order from the start and were obeyed. They described themselves as on the defensive, supporting the miners in their resistance to a "lock-out."* As a justification for bringing pressure upon the Government to end the "lock-out" by granting a subsidy, this was inept. But it was not without effect in maintaining a quiet and orderly spirit in the ranks. Moreover, the ranks knew as well as the officers the dangers of the manœuvre they were executing, whatever the pretext for it. Not one in a hundred wanted revolution or civil

* The stoppage in the mines ranks as a strike under the Unemployment Insurance scheme. The men are not receiving unemployment pay and must go to the Guardians for relief.

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war. One good reason why the General Strike failed was because the strikers did not desire success in the sense that they did not wish for the Bolshevik conclusion. The other reason was because the Government and the community were firmly resolved and competently organised to resist that conclusion. Accordingly, the strike was called off half-way.

Inevitably there has been face-saving declamation from the *British Worker* and from some of the leaders. It should, however, be understood at home and overseas that the strike failed, and failed completely. The mining industry is not to be carried on out of the public funds. The terms proposed by the Royal Commission and repeated by the Government meet nearly every other point of the miners' case as it has been argued in the past. But the assistance which the Government offered immediately after the strike was neither less nor more than it was prepared to give before it took place. That is one test of failure. The other is in the honest admissions of trade union leaders themselves. "Never again" is the watchword of Mr. Cramp, industrial secretary of the National Union of Railwaymen. A General Strike which begins with the issue of permits to food transport—these, of course, were ignored by the Government—defeats itself, as he sees. He sees as clearly that a General Strike which begins by holding up food starves the industrial population in the first place. "Never again" is the verdict, open or otherwise, of the great majority of British Labour. "Never again" will have its echoes elsewhere. Democracy has won a test case. The way of evolution is open in industry, as it has been in politics, and is not predestinately barred. Will this trial of facts, partly accidental as it may have been, have historic results? Properly accepted, it may lift an enormous moral burden from trade and industry. Much depends on employers and the line which the Government takes towards trade unionism.

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Loss and Gain

It is very much Mr. Baldwin's hour. On May 1 his personal policy of industrial pacifism seemed to have broken down. "Everything that I care for," he said in the Commons on May 3, "is being smashed to bits." But he did not lower his colours. It was faith in his intentions that gave the union leaders courage to call off the strike. He never stood higher in the estimation of his own party or of his countrymen generally.

The extent of the damage to the nation cannot yet be gauged. The net expenditure thrust upon the State by the General Strike is estimated by Mr. Churchill at £750,000 and no new taxation has been imposed. This figure is only a part of the actual loss. It takes no account of the effect on our trade, and, if the dispute in the coal-fields continues, the aggregate damage will be disastrous. The result of the General Strike has not, however, been all loss. The atmosphere is clearer for the removal of the threat that has so long been hanging over us. Abroad confidence in England stands higher. The comments of the foreign Press and the exchange are witnesses. On May 5 the pound went above par in New York for the first time since the war. When all the elaborate efforts of the nine months, financial and other, failed and the community was swept into the contest that it foresaw but could not, apparently, avoid, there seemed to be no accounting for it except by diagnosing deep-seated social disease. Foreigners, like Englishmen, and perhaps even more than Englishmen, had doubts and anxieties. The consequences of a civil upheaval here must have been ultimately world-wide. The energy and decision with which the strike was met were re-assuring. Still more convincing was the demeanour of the strikers themselves and the steady nerves and the good temper of the people as a whole. We may be thankful that the strike has demonstrated the solidity of the national structure and the fundamental sanity of the national spirit.

APPENDICES

SUMMARY OF FINDINGS AND RECOMMENDATION OF COAL COMMISSION

The coal mining industry, for more than a century the foundation of the economic strength of the country, has come upon difficult times. This change of fortunes is the result of powerful economic forces. It is idle to attribute it either on the one hand to political unrest or restriction of output among the miners, or on the other hand to inefficiency in the day by day management of the mines.

At the same time we cannot agree with the view presented to us by the mine-owners that little can be done to improve the organisation of the industry, and that the only practicable course is to lengthen hours and to lower wages. In our view large changes are necessary in other directions, and large progress is possible. We agree that immediate measures are indispensable to deal with the immediate position, but the effort ought not to stop there.

The problem indeed is two-fold. It has a permanent aspect and a temporary aspect. We have proposals to make with regard to each. We will take first the permanent aspect.

The Need for Changes

The industry is marked by great diversities. Among the existing collieries many date from an earlier time, and according to modern standards are badly planned. The defects are the result partly of the age of our coalfields, partly of the private and divided ownership of the minerals, with its effects on the lay-out of the mines, partly of other causes. Very many of the collieries are on too small a scale to be good units of production. A number are defective in equipment and some in management. On the other hand, there are a large number of collieries which are admirably planned, equipped and managed.

The methods of utilising coal are unscientific. Four-fifths of the coal consumed in the country is burnt in a raw state; oil and valuable by-products are wasted and the atmosphere is polluted.

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Research into the methods both of winning and of using coal is inadequate.

Mining, in many places, should be intimately associated with several other industries—with gas, electricity, smokeless fuel, oil, chemical products, blast furnaces and coke ovens. A beginning has been made towards this combination, but it is no more than a beginning.

The selling organisation and the methods of transport are too costly, and do not secure the best financial results for the collieries, and therefore for the miners employed in them.

While the relations of employers and employed are generally better than sometimes appears on the surface, the organisation of the industry on its labour side calls for many improvements.

The Proposal for Nationalisation

As a remedy for these defects the Miners' Federation propose the nationalisation of the mines. We do not recommend the adoption of this policy, for reasons which have been fully stated in this Report.

We are not satisfied that the scheme proposed to us is workable, or that it offers a clear social gain. We perceive in it grave economic dangers, and we find no advantages that cannot be obtained as readily, or more readily, in other ways.

We contemplate accordingly the continuance of the industry under private enterprise, but we make a number of proposals for its reorganisation.

Recommendations on Reorganisation

1. *Ownership of the Mineral.*—The error which was made in times past, in allowing the ownership of the coal to fall into private hands, should be retrieved. The mineral should be acquired by the State—by purchase where it has a market value, by a declaration of State ownership in the case of unproved coal or coal at deep levels, which has now no market value. The coal of existing mines which are likely soon to cease working, and coal which is not now worked and is not likely to be developed in the future, should be excluded from the purchase. Safeguards should be adopted against excessive compensation claims. A Coal Commission should be appointed, under the authority of the Secretary for Mines, to acquire and administer the mineral property.

2. *Amalgamations of existing Mines.*—The amalgamation of many of the present small units of production is both desirable and practicable. This may often be effected from within, but in many cases it will only take place if outside assistance is given. Any

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general measure of compulsory amalgamation, on arbitrary lines, would be mischievous ; the action to be taken should be elastic and should enable each case to be treated individually. The State as mineral owner will be able to promote desirable amalgamations when granting new leases or renewing old ones. Legislation should provide for a compulsory transfer of interests under existing leases where desirable amalgamations are prevented by the dissent of some of the parties or their unreasonable claims. Existing leases would not otherwise be affected.

3. *Combination of Industries.*—A closer connection of mining with the allied industries should be promoted. Highly technical questions are involved, affecting a number of industries, and not electricity alone. The development of electrical supply under the new proposals of the Government should be closely co-ordinated with the generation of electricity at the mines. The heat, power and light requirements of the country should be under the constant and comprehensive survey of a body formed for the purpose. We propose for consideration the establishment of a National Fuel and Power Committee, with advisory powers, composed of representatives nominated by the Government from among the official and other bodies concerned.

4. *Research.*—The existing provision for research should be largely extended by the industry with the support of the State. It is urgently necessary that new methods for winning and utilising coal should be sought for, and should be found, if the prosperity of the industry is to be restored and a proper standard of wages and working conditions assured to the workers. If processes of low temperature carbonisation were perfected, great national advantages would ensue, particularly through the production of a smokeless fuel for domestic and industrial use, and the provision of large supplies of mineral oil from the country's own resources. The State should give financial support to the further experiments, on a commercial scale, which are necessary.

5. *Distribution.*—The industry as a whole has so far failed to realise the benefits to be obtained by a readiness to co-operate. Large financial advantages might be gained by the formation, in particular, of co-operative selling agencies. They are specially needed in the export trade.

The Government should consider the establishment of an official system for the sampling and analysis of coal, with a view to encouraging selling on specification and guarantee, in both the home and the foreign markets.

Local authorities should be empowered to engage in the retail sale of coal.

We propose measures to secure the adoption of larger mineral

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wagons on the railways, and a greater concentration of ownership of wagons. A Standing Joint Committee of the Ministry of Transport and the Mines Department should be formed to promote these measures.

6. *Labour.*—The relations between employers and employed are of fundamental importance, and here also we are convinced that a number of changes are necessary.

(1) The principle on which the recent wage-agreements have been based is in our opinion sound, but amendments are needed in the method of ascertaining the proceeds of the industry for the fixing of wages. A large proportion of the coal is sold by the mines to associated industries, and the most important of these amendments relates to the prices at which these transfers are made.

(2) The standard length of the working day, which is now on the average 7½ hours underground, should remain unaltered. The optional re-distribution of hours within the present weekly total, over a week of five days instead of six, should be considered. The multiple shift system should be extended.

(3) Joint pit committees should be established generally.

(4) The methods of payment of men not employed at the face should be revised where possible so as to give them a direct interest in output.

(5) The introduction of a family allowance system, either nationally or by districts, is desirable. Pooling schemes should be adopted to prevent married men with families being prejudiced in obtaining employment.

(6) Profit-sharing schemes, providing for the distribution to the workmen of shares in the undertakings, should be generally adopted in the industry, and should be made obligatory by statute.

(7) For all new collieries, a proper provision of houses for the workers should be a condition of the lease.

(8) The general establishment of pit-head baths is necessary. This should be undertaken by the existing Miners' Welfare Fund, which should be increased by a substantial contribution from royalties.

(9) When prosperity returns to the industry we consider that annual holidays with pay should be established.

The Immediate Problem

To bring any of these measures of reorganisation into effect must need a period of months ; to bring all of them into full operation must need years. The Miners' Federation fully recognise that, even if nationalisation were to be accepted, much time must elapse before the great changes it involves could be put into force

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and the effects be seen. Meantime the hard economic conditions of the moment remain to be faced.

The dominant fact is that, in the last quarter of 1925, if the subsidy be excluded, 73 per cent. of the coal was produced at a loss.

We express no opinion whether the grant of a subsidy last July was unavoidable or not, but we think its continuance indefensible. The subsidy should stop at the end of its authorised term, and should never be repeated.

We cannot approve the proposal of the Mining Association, that the gap between costs and proceeds should be bridged by an increase of an hour in the working day, reductions in the miners' wages, some economies in other costs, and a large diminution in railway rates to be effected by lowering the wages of railwaymen. In any case these proposals go beyond the need, for we do not concur in the low estimate of future coal prices on which they are based.

While the mine-owners presented a plan which is unacceptable, the Miners' Federation abstained from making any suggestion as to the means for meeting the immediate situation. The duty therefore devolves upon the Commission to formulate its own proposals.

If the present hours are to be retained, we think a revision of the "minimum percentage addition to standard rates of wages," fixed in 1924 at a time of temporary prosperity, is indispensable. A disaster is impending over the industry, and the immediate reduction of working costs that can be effected in this way, and in this way alone, is essential to save it. The minimum percentage is not a "minimum wage" in the usual sense of that term. The wages of the lowest paid men will be safeguarded by a continuance of the system of subsistence allowances. The reductions that we contemplate will still leave the mine-owners without adequate profits in any of the wage-agreement districts, and without any profits in most districts. If trade improves and prices rise, a profit will be earned. If prices do not rise, an adequate profit must be sought in the improved methods which should in any case be adopted.

Should the miners freely prefer some extension of hours with a less reduction of wages, Parliament would no doubt be prepared to authorise it. We trust, however, that this will not occur.

We consider that it is essential that there should be, as there always has been hitherto, considerable variation in the rates of wages in the several districts. But we are strongly of opinion that national wage agreements should continue. Such agreements are entered into in all the other British industries of importance.

We recommend that the representatives of the employers and employed should meet together, first nationally and then in the districts, in order to arrive at a settlement by the procedure that we have previously suggested.

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By a revision of the minimum percentage coal mining would be saved from an immediate collapse, but it seems inevitable that a number of collieries would still have to be closed. This may give rise to the necessity for a transfer of labour on a considerable scale. We recommend that the Government should be prepared in advance with such plans to assist it as are practicable, and should provide funds for the purpose.

Conclusion.

In the summer of last year the nation was oppressed by a grave anxiety. Having emerged from the mental stress and the economic strain of an unprecedented war, aware of the imperative need of recuperating its strength, it found itself faced by the possibility of an industrial conflict, or a series of conflicts, on a scale equally unprecedented, perhaps, in extent and in duration. And the issues that were at stake were wider even than the limits of the nation; for the stability and the prosperity of Great Britain have a profound influence both upon the opinion and upon the interests of Europe, and of the world at large. If there were here a period of confusion and conflict, of instability and retrogression, the effects would be felt in a widening circle everywhere else.

This Commission was appointed to investigate the causes of the trouble and to endeavour to suggest a remedy. We have discharged our onerous duty to the best of our ability. There is no part of this wide field which we have not sought to examine. We have suggested a series of definite constructive proposals.

The way to prosperity for the mining industry lies along three chief lines of advance: through greater application of science to the winning and using of coal, through larger units for production and distribution, through fuller partnership between employers and employed. In all three respects progress must come mainly from within the industry. The State can help materially—by substantial payments in aid of research; by removing obstacles to amalgamation under existing leases; as owner of the minerals by determining the conditions of new leases; by legislation for the establishment of pit committees and of profit-sharing, and in other ways.

The future depends primarily upon the leadership, and the general level of opinion, among the mine-owners and the miners of Great Britain. In laying down our charge, we would express our own firm conviction, that if the present difficulties be wisely handled, if the grievances of the one side and of the other be remedied, and a better spirit prevail in consequence between them, the mining industry, with the aid of science, will certainly recover, and even surpass, its former prosperity. It will again become a source of great economic strength to the nation.

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SIR H. SAMUEL'S MEMORANDUM OF MAY 12

1. The negotiations upon the conditions of the coal industry should be resumed, the subsidy being renewed for such reasonable period as may be required for that purpose.

2. Any negotiations are unlikely to be successful unless they provide for means of settling disputes in the industry other than conferences between the mine owners and the miners alone. A National Wages Board should, therefore, be established, which would include representatives of those two parties, with a neutral element and an independent chairman. The proposals in this direction tentatively made in the Report of the Royal Commission should be pressed, and the powers of the proposed Board enlarged.

3. The parties to the Board should be entitled to raise before it any points they consider relevant to the issue under discussion, and the Board should be required to take such points into consideration.

4. There should be no revision of the previous wage rates, unless there are sufficient assurances that the measures of reorganisation proposed by the Committee will be effectively adopted. A Committee should be established as proposed by the Prime Minister, on which representatives of the men should be included, whose duty it should be to co-operate with the Government in the preparation of the legislative and administrative measures that are required. The same Committee, or alternatively the National Wages Board, should assure itself that the necessary steps, so far as they relate to matters within the industry, are not being neglected or unduly postponed.

5. After these points have been agreed and the Mines National Wages Board has considered every practicable means of meeting such immediate financial difficulties as exist, it may, if that course is found to be absolutely necessary, proceed to the preparation of a wage agreement.

6. Any such agreement should

(i) If practicable, be on simpler lines than those hitherto followed.

(ii) Not adversely affect in any way the wages of the lowest-paid men.

(iii) Fix reasonable figures below which the wage of no class of labour, for a normal customary week's work, should be reduced in any circumstances.

(iv) In the event of any new adjustments being made, should provide for the revision of such adjustments by the Wages Board from time to time if the facts warrant that course.

7. Measures should be adopted to prevent the recruitment of

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new workers, over the age of 18 years, into the industry if unemployed miners are available.

8. Workers who are displaced as a consequence of closing of uneconomic collieries should be provided for by

(a) The transfer of such men as may be mobile, with the Government assistance that may be required, as recommended in the Report of the Royal Commission.

(b) The maintenance, for such period as may be fixed, of those who cannot be so transferred, and for whom alternative employment cannot be found; this maintenance to comprise an addition to the existing rate of unemployment pay under the Unemployment Insurance Act, of such amount as may be agreed. A contribution should be made by the Treasury to cover the additional sums so disbursed.

(c) The rapid construction of new houses to accommodate transferred workers. The Trades Union Congress will facilitate this by consultation and co-operation with all those who are concerned.

THE GOVERNMENT'S PROPOSALS FOR SETTLEMENT OF MINING DISPUTE ON LINES OF ROYAL COMMISSION'S REPORT (May 14).

(1.) In accordance with the recommendations of the Royal Commission all practicable means for improving the organisation of the industry and increasing its efficiency shall be adopted.

(2.) The Government shall take the following immediate action :—

(a) Introduce and endeavour to pass this session—

1. A Bill to give effect to the proposals of the Commission regarding amalgamations ;

2. A Bill to provide for a welfare levy on royalty owners, and to further the establishment of pit-head baths.

3. A Bill to restrict recruitment in mines.

4. A Bill to set up for the coal mining industry a National Wages Board on the lines of the Railway Wages Board.

(b) Set up the proposed National Fuel and Power Council which will contain representatives of Labour.

(c) Set up the proposed Wagon Committee.

(d) Appoint a Committee to investigate the question of selling syndicates.

(e) Appoint a Committee to examine the profit-sharing proposals of the Commission and family allowances.

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(f) Prepare a scheme for the establishment of Pit Committees.

(g) Prepare plans for the assistance of men displaced from pits.

(h) Set up a Committee on Housing in colliery districts.

(3.) Coal Advisory Committee.—Before any legislation is introduced, or Committee set up, or other definitive step taken by the Government towards giving effect to any of the recommendations of the Commission, a full statement of the step proposed shall be laid before the Coal Advisory Committee of the Secretary for Mines. It shall also be the duty of the Advisory Committee to review from time to time the progress made in giving effect to the recommendations of the Commission and to make recommendations on the subject. In the event of any recommendations made by the Committee not being adopted by the Secretary for Mines, he shall lay them before Parliament, together with a statement of his reasons for not adopting them.

(4.) Apart from any expenditure that may be necessary under (2.) (g) the Government will provide further financial assistance to the industry to the amount of approximately £3,000,000.

(5.) For a period not exceeding weeks—

1. The miners will accept a reduction of per cent. in minimum wages (other than subsistence rates) in all districts.

2. The owners will bear wages equivalent to one hundred per cent. of ascertained net proceeds (in January-March) so far as necessary to maintain those wages.

3. The Government will fill the gap with a subsidy to be debited against the £3,000,000 aforesaid.

(6.) In the meantime—

1. A Board shall be set up consisting of three representatives of the coal owners and three representatives of the miners, with an independent chairman.

2. The Board shall frame a national wages and hours agreement governing the principles on which the general wage rates should be ascertained in each district, and shall also decide the minimum percentage on basis, taking into consideration the state and prospects of trade, the reorganisation proposals of the Commission, and other relevant factors.

3. Subsistence wages shall not be reduced in any district where they at present yield 45s. per week or less for a full customary week.

4. The Board shall decide also what the districts shall be.

5. The Board shall issue its decision within three weeks.

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6. In the event of disagreement in respect of wages the decision shall rest with the independent chairman.

(7.) If the parties agree that it is advisable that some temporary modification should be made in the statutory hours of work, the Government will propose the necessary legislation forthwith and give facilities for its immediate passage.

(8.) Any balance of the £3,000,000 aforesaid will be available for a "tapering" subsidy after the period referred to in paragraph (5.), or such other purpose as may be agreed upon between the Government, the Mining Association and Miners' Federation.

(9.) The provisional undertakings made by the Government in this memorandum are conditional on the acceptance of its terms by the other parties.

IRELAND: EVENTS IN THE FREE STATE

I. POLITICAL

THE outstanding event in the Free State during the last quarter has been the increasing disintegration of its political groups. The Republican party has finally and irrevocably dissolved into its constituent elements. Four and a half years too late Mr. De Valera has dropped his stage title of President of the Irish Republic and decided that it is time to "recognise existing conditions." After several days of stormy debate, mercifully conducted in private, the Republican convention decided by a slender majority against his resolution that Republican deputies should attend the Dail if the admission oath were removed. The decision had in any event no bearing on realities, because nobody believes that the Government has the slightest intention of facilitating a Republican Opposition by removing the oath. Hence the resolution raised as academic a question as the theological conundrum concerning the number of angels that can dance on the point of a pin. The resolutions submitted by some of the country branches, and no doubt solemnly discussed, were equally illuminating. South Galway, for instance, demanded as a remedy for our economic ills the prohibition of the exportation of any raw materials until we have learned to manufacture them ourselves, the prohibition of the export of Irish capital, the expatriation of all engaged in collecting Irish capital for foreign investment, and the absolute

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prohibition of any trade or commerce with Northern Ireland "until such time as they decide we are fit to live in the same island with." Another resolution from Tirconnail demanded that the Republican deputies should not perjure themselves by taking the oath till they were in a majority! The only reasonable resolution, which indeed would seem to have been conceived in a sarcastic spirit, was one which suggested that the Republican organisation should cease its political activities and devote itself to education. In this case charity might certainly begin at home. The net result, however, is that Mr. De Valera has gone to the right with the moderates and Miss MacSweeney to the left with the extremists. Which of them claims to be the depository of the true faith is not definitely known, but Mr. De Valera is setting up a new organisation and cooing as gently as any sucking dove that if the oath were removed he would enter the Dail. It is difficult, however, for the average voter to forget that this belated decision has cost the country four years of political turmoil and two years of murder, arson and pillage without any tangible result except the payment of the bill. With a general election approaching next year and the Government by no means popular, any national leader with a considered policy and a clear record should have little trouble in creating a formidable Opposition, but we doubt if a majority, or even a considerable minority, of the electors will be foolhardy enough to present Mr. De Valera with another blank cheque, having regard to the figure for which he filled in the last.

But the process of dissolution is not confined to the Republicans. On the Government side too a similar tendency prevails. President Cosgrave's fatuous letter to the *Morning Post*, recognising the good offices of its correspondent in some mysterious parleys with Northern Ireland, which most people believed to be a practical joke until it was uncontradicted, and which displayed a complete lack of *savoir faire*, revealed fresh fissures in the

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Government ranks and was the signal for the voluble Professor Magennis to launch publicly his People's party after a heated debate in the Dail. Its aims may be said to encompass the removal of the Dail admission oath and the doing of every impossible thing which the Government has had sufficient sense to leave alone. At its inaugural public meeting held a few days ago the learned professor, when taken to task by one of the audience for having taken the objectionable oath himself, explained that he did not regard it as an oath at all. This would seem to remove the principal plank of his party programme, but neither the professor nor his rather motley following are likely to be seriously incommoded by this circumstance as their real policy would seem to be based on their mutual dislike of the Government rather than a desire to improve the world. Their natural place would seem to be in coalition with Mr. De Valera did not that gentleman refuse to associate with people who, he rightly surmises, are trying to steal his political clothes.

More serious from the Government point of view is the movement led by Mr. J. J. Walsh, the Minister for Posts and Telegraphs, for an extension of the existing tariff system. Mr. Walsh is not a member of the Executive Council, but an external Minister elected by the Dail, and his ignorance of economics is reputed to be only equalled by his knowledge of political organisation. Major Bryan Cooper has recently somewhat unkindly, if accurately, compared Mr. Walsh's utterances on the tariff question to a train entering a tunnel—a screech and then darkness. This does not, however, deter Mr. Walsh from declaring that Protection in its most extreme form is the only hope of Irish industry. He is particularly anxious to secure the imposition of tariffs on bacon, wheat and oat products, in spite of the fact that not only the Farmers' Union but also the Irish bacon manufacturers have protested against the extension of import duties to agricultural products, and that the Irish climate is not suitable for the growing of

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wheat. All this does not, however, trouble Mr. Walsh, who asserts, with some truth, that the Farmers' Union only represents the large farmers, and that the small farmers, who are the real agricultural producers, are behind him to a man. Mr. Walsh is said to have carried his Protectionist contentions rather aggressively into that holy of holies, the Executive Council Chamber itself, and in a recent interview he stated he would not invest a penny in any unprotected industry in Ireland nor would he advise anyone else to do so. There can be little doubt that his extreme views are not shared by the majority of his colleagues in the Government, who have wisely adopted an experimental policy in this direction, and who are about to set up a semi-permanent Tariff Commission of expert civil servants who must give their imprimatur to all applications for protection before they will be considered by the Government. The Minister of Finance and his advisers have sufficient economic knowledge to realise that a policy of whole hog Protection would be a double-edged weapon, and their present experience must have taught them how difficult it is to draw back from that slippery slope. Outside certain interested persons it is doubtful whether it commands any great support, although its supporters make up by their noise for their lack of numbers. It is, indeed, eloquent that the Ford Motor Company, which is the principal industry in Cork City, Mr. Walsh's own constituency, and, indeed, after Guinness the only substantial industry in the Free State, has asked for the removal of the McKenna motor duties on both sides of the Irish Sea. Mr. Walsh is, however, above all else, a shrewd politician, and should he decide to lead a Protectionist party at the next election it will not be before he is satisfied that he will get plenty of support. His recent speeches show that he is not yet prepared to take the plunge, and as he is popularly credited with being the "organiser of victory" in the Government organisation we may presume that some attempt will be made to placate him.

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The recent by-elections have shown little real change in public opinion. The Government won a seat in Leix-Offaly from the Republicans in a keenly contested fight, and lost a Dublin seat to Labour largely because they chose a publican for their candidate. This was naturally too much for the public to swallow. The moral is that the Government must look for better candidates, even if they have to go outside the rank and file of their party. The Labour party has indeed shown considerable signs of increased vitality during recent weeks. It has removed the ban which restricted its membership to trade unionists, and like its English exemplar has thrown its doors open to all who are prepared to accept its programme. That programme is not wanting in ambition. It aims at making the Free State as far as possible a self-supporting economic unit. For this purpose a maximum limit is to be placed on the size of agricultural holdings, the larger farms are to be split up, a process which, it is claimed, would have the effect of increasing tillage and the production of grain, milk, butter and bacon. It is difficult to envisage such a revolutionary proposal commanding extensive support in a conservative country like Ireland, but it has certainly the merit of being definite, and should, no doubt, be popular amongst the sons of small farmers and other landless men. The Labour party is, therefore, alive to the possibilities of the hour. It is selecting candidates and preparing to educate the constituencies for the general election. It has an intelligent and able leader in Mr. Johnston, and it will undoubtedly make full use of the figures supplied by the budget and the census to reinforce its arguments. No party stands to gain more by the Republican *débâcle*, and, had it large funds and a strong organisation in the rural districts, it might easily become the centre of a real and effective Opposition. At present, however, it lacks both of these factors, nor can it be said that any other party possesses them at all. Moreover, even the Labour party, outside the Dail, is split into moderate and extreme elements, a

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split which shows every sign of increasing in the future. It is to be feared that the multiplicity of parties, all small in numbers and lacking any real national policy, is not going to contribute to the political content or the effective government of the Free State. And as has been seen, they are tending to further divisions rather than cohesion. The better educated classes are so sick of politics that they will not contribute either their votes or their money to make a politician's holiday.

This increasing division into small parties and the political apathy which it has engendered is one of the most serious and disturbing symptoms of our political condition. It might well merit consideration by the private committee which the Government has appointed to review the constitution. This step has been taken in view of the fact that the period during which it can be altered by direct legislative action will shortly expire. The fiasco of last September has naturally directed attention to the method of electing senators, and it is known that the committee is considering the question. The result of that election has been caustically described as "the Dail plus senility." Something more than an alteration in the method of electing senators is necessary, for there can be little doubt that, as long as the Senate remains a kind of glorified debating society with a very limited power of revision and delay, it will not attract the best minds or be able to exert serious political influence. If, as was apparently intended by the framers of the constitution, the Senate is to represent the intellect, culture and civic experience of the nation, elements which are unfortunately neither large in number nor blessed with much leisure and wealth, then it must be given such conclusive powers of veto as will make it a real legislative and political force. We believe the Government is sensible and patriotic enough to take the long view in this as it has in other similar matters. It has, for instance, had the practically unanimous support of the country in resenting the action of the Judicial Committee of the Privy

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Council in admitting an appeal in the unimportant case of *Lynam v. Butler*. This case dealt with the application of the Land Act of 1923 to tenanted land. It did not raise a great issue affecting a large number of people or one that transcended the jurisdiction of the Irish State. The Irish land law is a purely domestic code. Another appeal involving the rights of civil servants under the Treaty has not been objected to because it raises a constitutional question. It is of course true in theory that any subject of the King can appeal to His Majesty in Council, as has been laid down in the recent Canadian appeal of *Nadau v. the King*, but, in practice at all events, such appeals in the case of the Dominions should be allowed only in matters which arise out of grave constitutional questions. In the first Irish case which came before the Privy Council after the Treaty Lord Haldane stated that an appeal should only be allowed when the case was one involving some great principle. Similar undertakings were given to the Irish Ministers at the time the constitution was under discussion. To admit an appeal in *Lynam v. Butler* was clearly a departure from this position, and the Free State Government took the most effective step to stop such procedure by passing an Act which settles the disputed point in accordance with the decision of the Irish Supreme Court which was appealed against. The appeal has since been withdrawn. For the Government to have taken any other course would have been to permit an erosion of the Irish constitution, an erosion which would probably have been extended in the future with disastrous results.

II. NATIONAL FINANCE

LAST year's budget was preceded by the spectacular attack of Mr. Hugo Flinn and his Cork cohorts on the Minister of Finance to the slogan of "No income tax on incomes earned in Ireland." This year Mr. Flinn, unfor-

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tunately for the gaiety of the nation, has not emerged from his native obscurity, but the Cork accent of Mr. Walsh has, as already mentioned, been heard on the question of Protection, and other Southern interests, such as the flour millers, the woollen manufacturers and the Ford Motor Company have not been silent. Mr. Blythe has, however, refused to yield to the clamour for more Protection save as regards a rather absurd import duty of half-a-crown per cwt. on oatmeal and a tariff of thirty-three and a third per cent. on radio sets. This last is a purely revenue raising proposition. As regards Ford's request, he has reduced the road tax on their cars from £18 to £10 in recognition of their Irish origin. It would have been better had he recast the entire system of horse-power taxation, which is out of date and unscientific, and substituted a tax on weight, plus a small tax on petrol. This would seem to be the fairest way of taxing motor traffic and would have given the Ford car justice without favour. A move in this direction has, however, been made by a steep increase in the road tax on motor trucks. The other demand of the Ford Company for a removal of all import duties on motor-cars between Ireland and England has been refused on the ground that the loss of revenue, approximately £300,000, was too great. Mr. Churchill apparently was prepared to agree to a mutual arrangement for full preference between the two countries in this matter. There is certainly small excuse, either financial or economic, for maintaining these duties when the only motor-car manufacturer in Ireland demands their abolition. The main surprise of the budget is, however, the tax of 5 per cent. on all betting transactions. Bookmakers are to be licensed and betting recognised as legal when conducted by licensed bookmakers, but the Gaming Act is to remain in force. In Ireland, as in England, the law against betting was neither enforced nor enforceable, and this new arrangement would seem to be a wise recognition of realities. Mr. Blythe has had the good sense and courage to refuse to listen to the calculated

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lamentations of the drink interests, who demanded a reduction in the beer and spirit duty. On the contrary, he has increased the duties on wines by 100 per cent., but on the lighter wines the duty will be relatively less. It may be added that to take any other course would be to fly in the face of the recent Liquor Commission's Report, which specifically found that the present sobriety of the country was principally due to the increased cost of drink. The announcement that a solution of the double taxation question has been amicably arrived at by which Free State residents will be exempt from English income tax and English residents from Free State income tax is one of great importance and convenience, particularly to small taxpayers who found it difficult to comply with the complicated regulations at present in force. The Corporation Profits Tax which still exists in the Free State is only to apply in future to profits over £10,000. Our super tax and estate duty rates are to be equalised with the British, another concession to common sense.

On the whole, it may be said that Mr. Blythe has acted with his customary caution and that most of his decisions are clearly the result of compromises rather than the fruit of any settled policy. His budget affords no real relief to the taxpayer and gives the country, as has been well said, "something to be thankful for and as much to be sorry for." Having regard to the estimates little else could be expected. By a process of deducting non-recurrent from total expenditure he has reduced his demands on the taxpayer from twenty-eight and three-quarter millions to twenty-four and a quarter. The non-recurrent expenditure is to be funded and a new loan is shortly expected. In this connection it is interesting and satisfactory to note that our last loan issued at 95 now stands at 99. Revenue is estimated at twenty-three and three-quarter millions, and Mr. Blythe believes that the balance of half a million on the wrong side will be cancelled by over-estimation. There can be no doubt that this taxation constitutes a

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crushing burden on the taxpayer. The newspapers have been conducting a stunt campaign for economy in petty details which has little relation to the realities of the situation. The financial condition of the country is abnormal and must remain so for many years. The army, official pensions, old age pensions, revenue collection, police, relief of local rates, post office, and education (excluding universities) absorb nineteen and a half millions, leaving four and a half millions to provide for the services of government represented by 49 out of 66 votes and including all the principal Ministries, public works, law charges, beet sugar subsidy, and university education. It is merely ridiculous to talk of reducing taxation by cutting down the salaries of higher civil servants. Quite apart from efficiency and Treaty rights, a cut of 20 per cent. in such salaries would not bring in more than £200,000. The real truth is that in national as in domestic economy small savings are of no avail. If a man wants really to reduce his domestic expenditure he must begin by selling his motor-car and reducing his servants rather than by giving up cigarettes. Neither is any service really essential if we cannot afford to pay for it. Economy in the long run really depends on policy. If the Free State wants a standing army at a cost of over two millions and a Ministry of External Affairs in order to maintain its national dignity, then it must be prepared to pay for these luxuries without squealing. If it does not want these things or wants them at a reduced cost it must elect a Government which will carry out its wishes. Much of our expenditure is also unusual in character. We have to provide over £2,000,000 annually for damages to property destroyed by civil war, £700,000 for land purchase, and £1,800,000 for superannuation and retired allowances. All these charges are the direct result of past policy and the price of freedom. Eventually, therefore, the Free State taxpayer must choose between high taxation and a drastic curtailment of the present standard of national services. One cannot indulge champagne tastes for long on a beer income.

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Looking backwards one finds that the cost of government in the Free State area in 1912-13 was, at present values, approximately sixteen millions; it is now twenty-eight and a half. One can only hope that as our politicians gain more experience in the vastly difficult and complicated task of governing, and our citizens, who are ultimately responsible but are at present disillusioned and helpless, realise their responsibilities and their power, that our policy will be attuned to our pocket. The Free State voter is beginning slowly and somewhat painfully to realise that votes under self-government are translated into action and have to be paid for. The question of the hour is how far and when this discovery will revolutionise his attitude towards political high-falutin.

III. ECONOMIC

THE census, which has just been taken both in the Free State and Northern Ireland, and the various statistical returns issued by both Governments are turning people's minds increasingly to economic problems. Vital statistics of all kinds are sadly defective and it is to be hoped that when the analysis of the census is published it will contain comparative statistics that will elucidate our position as compared with other countries, and that both Governments will combine in publishing an analysis of the census results for the entire country. They have already agreed in taking it on the same day. The only material difference in the forms used is that the Free State includes a query as to knowledge of the Irish language. It is hoped from the replies to arrive at a scientific definition of the term "uneconomic holding."

Professor Busted of Cork University College has recently published some illuminating articles in the *Irish Statesman* on our national economic statistics. He shows from the banking returns that during 1925 the Irish people had to

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pay out to other countries twelve and a half millions more than they received. Seven Free State banks are responsible for ten millions and the three Belfast banks for the balance. On the whole, the Free State banks employ forty-four per cent. of their resources in Ireland and the Belfast banks fifty-five per cent., making forty-six per cent. for all Ireland. Fifty years ago the Irish banks employed sixty-nine per cent. of their resources at home. The fact is significant. The Irish Free State has no central reserve bank, nor has its Government any influence whatever over credit policy. Our credit structure is controlled by the British Government acting in concert with the Bank of England. The Free State Government has recently appointed a Banking Commission to report what changes, if any, in the law relating to banking and note issue are necessary or desirable having regard to the altered circumstances arising from the establishment of the Free State. This Commission is presided over by Professor Parker Willis, late secretary of the Washington Federal Reserve Board, who has been closely associated with the scheme of farm loan banks in the United States, and has amongst its members Mr. Campion of the Commonwealth Bank of Australia and a representative of the Ulster Bank, so that it includes fresh minds and wide experience. The Northern representative is a pleasant reminder of our friendlier relations and intimate commercial dealings with Northern Ireland. Six Irish banks at present enjoy a monopoly of the note issue and it is understood that the Commission will recommend that this privileged position, which is obviously unjust, must cease and that the note issue must be given a wider scope under national control. The Commission is understood to have the approval of the Bank of England for the changes it is about to propose. One serious difficulty which is affecting the credit of the whole country arises from the fact that a mortgage on agricultural land is by no means easy to foreclose or realise if the mortgagee objects, as is too often the case. This renders

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the banks very chary about advancing money to farmers on the security of their land alone. It is a difficulty which cannot be remedied by legislation but only by the farmers themselves recognising that honesty is the best policy and the only one likely to restore their credit.

Much discussion has also taken place lately as to the exact amount by which our imports exceed our exports. The official journal of the Department of Industry and Commerce estimates the balance against us as £8,800,000, but other authorities think it is not more than five millions. This in itself is not a matter of grave concern, for nearly every country in the world is in a similar plight, nor does the excess seem to be abnormal as compared with pre-war years. What is far more serious is that our production shows a serious decline both in root crops and live stock, and that we are apparently losing our competitive power in the international markets. For the year 1924 not only the exports but the imports of Northern Ireland per head of population were virtually three times as great as those of the Free State, and this, too, at a time when the two great industries of the North—linen and shipbuilding—were suffering, as they still are suffering, from acute depression. The Free State, moreover, is absolutely dependent on its live stock trade, whereas Northern Ireland could afford to lose half, if not all, its cattle export, without serious dislocation of its economic existence. The moral would seem to be that not only must the Free State cattle trade be improved, but tillage and winter dairying must also be increased. Northern Ireland devotes twice as much of her total area as the Free State to the production of cereals, fruit and root crops. The Shannon scheme, which has passed from the stage of sensation to that of orderly construction, may eventually bring a development of rural industry, but the immediate need of the moment is to concentrate on agricultural production. Here we need above all else education, economic initiative and self-reliance. The farmers are at present more inclined to spend their time in denouncing

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the Government than in the application of modern scientific methods of production and marketing to their industry. They should remember that the State can do little to help a people who will not help themselves.

Another serious question which will not brook delay is the condition of the roads. Here government action is undoubtedly necessary. Outside the county of Dublin and parts of Wicklow, Tipperary, Cork, and Kerry there are virtually no first class motor roads in the Free State, and such roads as there are have not improved in recent years. They are at present controlled by thirty county councils, all of whom differ profoundly in matters of policy and construction, with the result that the traveller can frequently tell when he passes from one county to another by the condition of the road surface. For instance, the main road from Dublin to Kingstown, six miles in length, is in charge of four different local bodies. The proper maintenance of the main trunk roads is clearly beyond the overburdened local ratepayers, and several county councils are in almost open revolt. A large body of opinion favours the establishment of national trunk roads under complete control of the national Government on the lines of the French *routes nationales*. Ten millions would at least be needed to place the roads in a proper condition, and it should not be difficult to raise this amount by bonds based on the motor tax yield. Mr. Blythe has indicated in his budget statement that he is prepared to sanction an immediate loan of two millions for this purpose, but this proposal, if it is not followed up by further expenditure and national control of the trunk roads, is simply tinkering with the question.

The Irish Free State. May, 1926.

CANADA

CURRENT POLITICS

THE repulse of the opening assault of the Opposition which was recorded in *THE ROUND TABLE** last March gave the Government of Mr. Mackenzie King a welcome respite, but so delicate and embarrassed was its position that every confidence of an early collapse of its defences prevailed in the Conservative camp. Now, however, after three months, the Government has found itself able to hold, and in a certain measure to consolidate, its position; and the Conservatives, having abandoned all hope of its immediate ejection from office, have settled down to a war of attrition. When the Government carried a motion for a prolonged adjournment of the House of Commons, which would enable the task of Cabinet re-organisation to be tackled in comfort, the Opposition resorted to obstructionist tactics for the purpose of prolonging the debate on the Address and curtailing the length of the adjournment to a period ineffectual for the Government's purposes. But they gradually discovered that their strategy of blockade had not enlisted the enthusiasm of the country, and they were relieved when the Government plucked up courage to enforce closure, and rescued them from what was becoming an untenable position. However, they succeeded in their main purpose, for the adjournment was cut down to ten days, and Mr. Mackenzie King, who was returned for Prince Albert on February 15 by a

* *THE ROUND TABLE*, No. 62, March 1926, p. 384.

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large majority over an Independent, had to follow a piecemeal process in the reconstruction of his Cabinet. He accounted for two gaps by reducing the number of its members to 14 through the consolidation of departments, a long overdue reform; and he has successfully brought into his Ministry Mr. Dunning, of Saskatchewan, as Minister of Railways, and Mr. J. C. Elliott, of Ontario, as Minister of Labour. Mr. Dunning is easily the most notable and competent recruit that the Federal Liberal party has obtained for many years; and, if he can reproduce in the more complicated arena of Dominion politics the qualities and political skill which enabled him to give Saskatchewan progressive and efficient government for the last four years, he is obviously destined to play a major part at Ottawa. An Englishman by birth and still in his fortieth year, Mr. Dunning is a singularly able politician, and he brings to the Ministry the reinforcement of a fund of energy and enterprise, sound administrative gifts, and a unique experience of the problems of the large rural community the confidence of which is a greater asset to a Liberal than to a Conservative politician. He first came into prominence as a leader in the agrarian co-operative movement in the West, and although he has often fought and repeatedly worsted the Progressives, he enjoys their respect. The Conservatives did not oppose him at the by-election in Regina, but they made an unsuccessful attempt to defeat Mr. Elliott, the new Minister of Labour, whose possession of one of the few safe Liberal seats in Ontario was an important factor in his promotion. He is a much less formidable recruit than Mr. Dunning, but he served with credit for a dozen years in the Legislature of Ontario. Still unfilled are the Ministries of Trade and Commerce and of Immigration, but, if the auguries continue favourable, another member from Ontario, Mr. James Malcolm, will probably be given the former portfolio.

Concerning the actual work of Parliament there is singularly little to record, because the first ten weeks of the

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session were consumed in the partisan debates and manoeuvres associated with the struggle for supremacy; only after the Easter recess ended on April 6 was a serious effort made to deal with the normal business of Parliament. The Conservatives, who are now much stronger in debating talent than the Government, are in a position to harass the latter at every turn; and even the support of every non-Conservative member only gives the Ministry a precarious majority of twelve, which has already failed them on one division on estimates. As a result, progress in legislation is slow unless the Opposition is in a lenient mood. The Senate, to which not a single measure has been sent from the Commons, has just adjourned through sheer lack of work. Some non-controversial measures like a Bill authorising a revaluation of the holdings of soldier settlers, whose obligations to the Government are in many cases proving too onerous, have made headway, and there have been the usual academic discussions on the resolutions of private members. In these the problems of power and coal occupy a prominent place, and a debate on what is known as "Maritime Rights" elicited from the Government the appointment of a Royal Commission, of which Sir Andrew Duncan, of Glasgow, will be Chairman, to examine the grievances of the Atlantic provinces. A measure to introduce old-age pensions, by which the Federal and provincial governments will share the cost of providing necessitous people over 70 years of age with a pension of \$20 per month, secured the support of a number of Conservatives and has passed its second reading; but Mr. Taschereau, the Liberal Prime Minister of Quebec, has already condemned it, and it is doubtful how many provinces will agree to share this fresh burden. The original plan of legislation to establish rural credits, which had been drafted by Ministers in a series of conferences with the Progressive leaders, met with strong objections from the trust and mortgage companies, and it is difficult to see how the Bill now submitted, which sets a maximum limit of

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15 million dollars upon the amount of rural-credit bonds to be held by the Federal Treasury, can afford any substantial relief to the farming community. The rest of the Government's legislative programme has still to appear, and its character will depend upon the extent to which the Progressives decide to exercise their whip hand.

The budget was brought down on April 15 and its contents were in general accord with the forecasts. Thanks to increased revenues and a gratifying decline in the deficit of the Canadian National Railways, Mr. Robb, the Finance Minister, was able to claim a surplus of some 22 million dollars, and on the strength of it he has proposed tax reductions which will entail a revenue loss of about 25 million dollars. A substantial abatement of the lower ratings of the income tax, the restoration of penny postage for domestic letters and letters to the United States, the abolition of the receipt tax, and a sharp cut in the duties on motor-cars, can scarcely fail to create a fund of popularity for the Government with different classes of beneficiaries; but unbiassed experts are disposed to question the financial soundness of the Government's proposals, and to regard them as more or less of a gamble, the success of which will demand not merely the continuance of existing conditions but their substantial improvement. It is pointed out that Mr. Robb has vouchsafed no satisfactory explanation as to why the railway vote, after falling from 42½ millions in 1924-25 to 10 during the year 1925-26, should rise again next year to 31 millions; and that he has outlined expenditures totalling 381 millions during the current year for which last year's revenue of 376 millions would have been inadequate. He has now sanctioned a sacrifice of 25 million dollars of revenue, and the gap between 351 and 381 millions can only be bridged by a marked betterment in the yield of the surviving taxes for which the abnormal lateness of the spring, threatening, as it does, a curtailment of crop acreage and a downward trend of prices, coincident with a slump in stocks, are not hopeful portents.

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One interesting change made in response to the agitation in the maritime provinces is a provision that the British preference will after January 1, 1927, only be available for goods shipped direct without transshipment to a Canadian sea or river port.

On the whole, the budget has been well received by the country except in industrial circles in Ontario. The tempest of indignation is particularly fierce in communities where motor factories are located; but many subsidiary industries which provide material for the motor plants are also affected, and loud complaint is made that millions of dollars worth of business will be transferred to American plants. Plans are afoot for a concerted movement of protest by the industrial population of Ontario, but the Government dare not reconsider its policy without risking the displeasure of the Progressives. Meanwhile, the motor firms are pursuing different policies; the Ford Company has merely lowered its prices, but the officials of General Motors, a subsidiary of the great American corporation of the same name, after temporarily closing their plant at Oshawa, Ontario, and reopening it to complete orders on hand, announce that in future their manufacturing activities in Canada will be on a small scale. What particularly enrages the motor manufacturers and their friends is the rejection of their demand that before any changes were made their case should be submitted to the new Tariff Board, the personnel of which was recently announced.

At present, however, there is no indication that the Government will come to grief over its legislative or financial programme and it is from another quarter that the only serious danger threatens. Shortly after the Government moved for an adjournment, the Conservatives launched a series of sweeping charges against the administration of the Customs Department and insisted that Parliament should be kept in session until some adequate explanation was given or an investigation made. The Government promptly appointed a special parliamentary committee

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consisting of four Liberals, four Conservatives and one Progressive, and this committee has been sitting continuously for the last two months. It has examined many witnesses, customs officials, police officers, merchants and other interested parties, and scrutinised a mass of documentary evidence bearing upon the problem of smuggling. Its labours are not yet complete, but it has already accumulated very convincing proof that the smuggling industry has been flourishing on an enormous scale, extending far beyond the scope of alcoholic liquors; and that the Customs Department has been seriously infected with grave inefficiency, disloyalty, and corruption, which took the form sometimes of tacit connivance, but all too often of active co-operation on the part of responsible officials with gangs of crooks and smugglers who have been making a mockery of the customs laws of Canada. Some of the episodes which have been revealed partake of high comedy, but they are none the less disturbing as exposing a deplorably low tone in the public service. Every facility was given to the smuggling of liquor into the United States, and the bootleggers were able to bring back return cargoes of silks, laces, cigarettes, rubber goods and other commodities which confronted the manufacturers and merchants of Canada with unfair competition. Conditions have been peculiarly bad in the customs district of Montreal; through this port an international gang of smugglers has been able to secure illicit entry for large quantities of narcotic drugs, many of them destined for American consumption, and the motor car thieves of the United States, whose depredations are on a gigantic scale, seem to have used the customs house of Montreal as a regular clearing house for stolen cars. The process of seizure, confiscation and sale by the Customs was deliberately courted in many cases, as a fresh title to the car was thereby created; and favoured customers were in the habit of securing by purchase cheap cars from the officials in the Customs Service. The efforts of the Conservative members of the committee

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have been assiduously directed to linking up members of the Government and Liberal politicians with these nefarious activities. Further disclosures of a more damaging character are predicted, and the Conservatives hope to be able to frame from the researches of the Committee an unanswerable indictment of the Government, and make it the basis for a resolution of want of confidence which the Progressives must either vote for or for ever abandon their favourite rôle of stern upholders of political morality.

Another session is dragging along without any serious attention being paid to Imperial and international problems. Both the older parties regard them as political gunpowder. When on March 22 Mr. Woodsworth, a Labour member from Winnipeg, tried to precipitate a debate upon them, it was allowed to peter quietly out without any declarations of faith from the party leaders. Mr. Woodsworth, who invited the House to endorse the principle that Canada should accept no responsibility for complications arising from British foreign policy, went chiefly to British sources, the speeches and literature of the party of Mr. Ramsay MacDonald, for material for a comprehensive indictment of Imperialism in all its manifestations. He argued that, while other Imperialisms were more or equally pernicious, British Imperialism constituted the most immediate menace for the Canadian people, and safeguards against its fell designs were urgently required. Mr. Bourassa, who followed, spoke in terms of studied moderation and indulged the House in a very exhaustive and interesting review of the development of the relations between Canada and the mother country from the days of the Conquest. He also essayed to develop his favourite thesis that the earlier Conservative administrations which had ruled Canada between 1867 and 1896 had been much more vigilant guardians of the nationalist principle than some later Ministries, and that the Imperialist idea, which Laurier and his successors had tolerated and encouraged since the present century began, was a menace to the

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unity of the Dominion. Mr. Bourassa expressly repudiated the suggestion that he desired to sever the links between Canada and Britain, and a notable tribute which he paid to the healthy influence of the British connection upon the political standards and national life of Canada is worth quoting :

For my part I stated twenty-five years ago at the time of the Boer war, and I state again to-night with the same conviction, that I am not longing for secession. I repeat, without any idea of offending members of this House or anyone of British stock, that I appreciate that link with Great Britain in a certain degree more than they can, because it is an appreciation based on study and on reflection ; it is not the voice of blood. You cannot expect the French-Canadians to love the British ; why should they ? But you may expect the French-Canadians to appreciate at all times their connection with Britain. . . . I believe the association with Great Britain is needed by us for a long time in order to help us in developing our minds to the same broad standard of individual and political liberty. I believe the association with Britain is a great help to us if we view it in the right way and if we act upon it with the same British spirit of self-determination and self-respect. But I repeat, Sir, it is not by playing the servile worshipper of everything English that we are going to benefit by that association. On the contrary it is by standing up in the face of Great Britain, not in a defiant attitude but in an attitude of self-respect and virile admiration, asserting to Britain that there are certain matters upon which we can agree with her, that there are other matters upon which we cannot agree, because they have interests which are not the same as ours and because we have trusts to perform and to hand over to generations to come with which neither the Englishman nor the Australian can deal for us.

The only other participants in the debate were a young western Conservative and Sir George Perley, the former High Commissioner, who pleaded for an improvement in the machinery of communication and consultation. There was also some controversial discussion of the commercial treaty with the West Indies, some of the terms of which were severely criticised by the Conservatives. The imminence of an Imperial Conference ought to assure at least one full dress debate upon Imperial relations and co-related problems, and the Government has given a definite promise

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that an opportunity will be provided for a discussion of Canada's attitude to the Treaty of Locarno. The opinion now prevails that the Ministry will abandon its plan, freely forecast in February in the Liberal Press, of submitting to Parliament a resolution which would dissociate Canada from all responsibility for the Locarno Treaties, and will await the opportunity of a general discussion of the thorny questions involved at the Imperial Conference.

The possibility of another general election this year cannot be omitted from the calculations of any party and the Conservatives discern in the terms of the budget a strenuous effort to accumulate a fund of popular favour and create an atmosphere propitious for the attainment of a clear Liberal majority by an appeal to the country in the summer or autumn. At present the Ministry survives by virtue of a loose co-operative arrangement with the Progressives, who are consulted regularly about legislation; but obviously the situation has grave elements of weakness, and the *Manitoba Free Press* insists that, sooner or later, a formal Coalition must be achieved and regularised. On the Conservative side Mr. Meighen's admitted mastery in Parliament has re-established his position with the great bulk of his following, but many influential critics are unappeased and assert that his unpopularity in French Canada is a fatal barrier to a Conservative triumph. Quebec remains the paramount problem of the Conservative managers. They have reached a determination not to repeat the tactics adopted last October in allowing Mr. Patenaude to run a quasi-nationalist campaign with a separate command. So the organisation of the Conservative forces in Quebec has now been entrusted to Senator D. O. L'Esperance, who was an avowed conscriptionist in 1917 and has always contended that the best course was to indulge in no apologies for the policies of the war years and to urge the electorate of Quebec not to sacrifice their own interests for the gratification of a foolish vendetta. Undoubtedly if the Conservatives recom-

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menced a policy of obstruction against the budget or held up estimates, the Government would be disposed to seek a dissolution, but they might have some difficulty in securing it until a verdict has been given upon certain disputed elections in connection with which certain officials are charged with flagrant malpractices.

Canada. April 19, 1926.

AUSTRALIA

I. FEDERAL CHRONICLE

THE overwhelming Government victory at the general election in November was followed by something of an anti-climax, when the High Court decided against the Government in the deportation proceedings which it had instituted against Walsh and Johnson under an amendment of the Immigration Act made by the last Parliament. The decision was received with mixed feelings. There was satisfaction amongst those who disliked the remedy and in particular the method of it, the Act being based on the Commonwealth power over "immigration," and therefore necessarily limited to the class of persons who could be brought under that head. This class was defined generally as including all persons not born in Australia, a discrimination which many felt to be unfortunate. Then, deportation was a Ministerial act, based not on any judicial condemnation but on the report of a special board, appointed by the Ministry. There was relief too amongst those who feared that deportation might cause a serious industrial upheaval, if not something worse. The Labour party naturally made the most of the rebuff the Government had received on a measure which had been a principal issue in the election, and which was now a broken reed. Had the judgment preceded the election, the Government would no doubt have suffered some loss of prestige, as well as some embarrassment. In the actual circumstances,

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the Government was able to declare in Parliament that as "the effect of the decision of the High Court, viewed politically, is that certain legislation is not effective for the purposes for which it was passed, new measures must be passed to cope with the situation."

Shortly after the decision was announced, Sir Littleton Groom's resignation from the post of Attorney-General was accepted by the Prime Minister, and his place was filled by Mr. J. G. Latham, K.C. His acceptance of a portfolio was greeted as an accession of strength to the Government. Any idea that the change of Ministers was connected with the failure of the deportation proceedings was afterwards dispelled by Mr. Bruce in the debate which preceded Sir Littleton Groom's elevation to the speakership. The Prime Minister explained that on December 5, six days before the High Court announced its judgment, the Attorney-General had asked to be relieved of his portfolio, after his long term of service in various Ministries.

When Parliament met on January 13 both Houses plunged into business almost at once, and for a first session the last six weeks have been unusually busy ones. Some twenty measures have been introduced, at least six of them of notable importance, and all have either passed both Houses or are well on the way to do so. The speech of the new Governor-General (Lord Stonehaven) opened with a commendatory reference to the Locarno Pact, and the announcement that in due course Parliament would be given an opportunity to discuss the question of Australia's adherence. This opportunity has not yet come, and at present there is a great deal more interest in the Pact than there is fixity of opinion about it. Its most definite feature is the realisation that whichever step is taken must have far-reaching effects. Mr. H. S. Gullet, in moving the address-in-reply, mentioned the possibility of Australian entanglement in a European war under the Pact, but added two leading questions. Had Britain's object in signing been purely defensive? Was Australia not absolutely

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dependent on Britain for her security? If the answer to these two questions were in the affirmative, Australia's course became "clear and simple."

Mr. Bruce has stated that the question of adherence will be discussed at the forthcoming Imperial Conference. The Nationalist Press is mainly non-committal, though the Melbourne *Age*, noted for its emphasis on the need for Australian self-dependence, has given indications of opposition. Generally, however, the Pact itself is whole-heartedly supported except in the most extreme Labour circles, which see in it another instrument of capitalist-nationalist aggression, forged with an eye on Russia.

Of the legislation introduced, the most important and the most controversial is the Crimes Bill, the first and most direct of the measures in execution of the Government's mandate to restore law and order in the industrial sphere. Others foreshadowed to the same end are an amending Arbitration Bill, and a provision for secret ballots in unions before a strike can be declared. The Crimes Bill, introduced by Mr. Latham in a second reading speech on January 28, contains two provisions of major importance, the first dealing with unlawful associations, and the second with interference with transport or communications. A proposed new section, 30A, declares that any body of persons advocating the violent overthrow of the Constitution or of any civilised government, or the destruction of property, constitutes an unlawful association, any member of which shall be guilty of an offence, and may be imprisoned for one year. Any individual engaging in such activities may be imprisoned for two years and, if not born in Australia, may be deported by the Attorney-General's order. Other sections prohibit the publication and sale of the literature of unlawful associations. Another proposed new section, 30J, provides that, when a state of serious industrial disturbance has been proclaimed, any person who "takes part in or continues or incites to, urges, aids or encourages the taking part in or continuance of a strike or lock-out" in the

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transport trades or in the provision of any public service of the Commonwealth is guilty of an offence, and is liable on conviction to be imprisoned for a year and, if not born in Australia, to be deported by the Attorney-General's order. It will be noted that Section 30J differs from the previous deportation provision in that (i) it is proposed to be enacted under the power to legislate for transport and essential services, not for immigration; and (ii) the deportation penalty, though still imposed at the Minister's discretion, can only follow upon conviction in a court of law.

In his introductory speech, the Attorney-General emphasised the existence and the danger of seditious and revolutionary activities in Australia, and the vital importance of transport, which in Australia could, he claimed, be set alongside such essential services as water supply, which were protected by special legislation in every country. The leader of the Opposition, Mr. Charlton, declared that his party would not oppose the clauses dealing with unlawful associations, since it had no connection with and no desire to defend the activities of such bodies. However, he strongly attacked Clause 30J as an onslaught on unionism and unionists. He argued that unionism was a beneficent force in the workers' lives, that strikes might grow naturally out of a legitimate demand, and that reputable union leaders who remained at their posts during a strike would render themselves liable, under the Bill, to criminal prosecution. He moved for the withdrawal of the Bill in order to excise the parts that dealt with industrial disturbances.

The debate followed normal party lines, with the partial exception of a speech by Mr. W. M. Hughes, in which he gave general support to the Bill but claimed that no measure for industrial peace could ever be effective until the Commonwealth's constitutional powers were greatly increased. In the Press, as in Parliament, the discussion followed party lines, except that the *Age*, which had given strong and even violent support to the deportation pro-

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visions of the Immigration Act, 1925, completely changed front and attacked the Crimes Bill with growing acerbity, as giving more power over individual liberties than any Government should possess. Mr. Charlton's amendment was defeated on a party vote, and the Bill passed the committee stage with a few minor amendments. The Bill has been passed by the Senate, and is to come into force on a day to be proclaimed.

Two other measures which have passed both Houses fulfil the promises made in Mr. Bruce's speech that action would be taken to relieve the special disabilities of Western Australia and Tasmania, which public opinion in those States believes to be a consequence of federation. A grant of £450,000 is made to the western State, upon which it is admitted that the Protectionist policy bears heavily without giving the compensating advantages reaped by the populous eastern States in the shape of thriving industries. It is also contended that the Commonwealth collects revenue from the State considerably in excess of its expenditure thereupon. One member of the recent Royal Commission on Western Australian disabilities held that secession was the only cure, but, as this was impracticable, he joined with the chairman (Mr. W. G. Higgs) in recommending fiscal independence. This the Federal Government would not consider, an eventuality which the two commissioners evidently foresaw, as they recommended alternatively the payment of £450,000 for ten years. The Act as passed provides for only one payment of this amount, and future policy will be determined, as the Commonwealth Treasurer explained, after a financial conference between Commonwealth and States which the Cabinet proposes to call.

Tasmania has similar grievances to those of Western Australia, together with a specially bitter complaint against the coastal provisions of the Navigation Act. In confining coastal trade to ships which pay Australian rates of wages and comply with the Australian scale of accommodation for the crew, the Navigation Act has prevented oversea ships,

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few of which pay such wages or provide such accommodation, from carrying goods and passengers between Tasmania and the mainland. Australian ships are sheltered from outside competition, and rates of freight and passage money have largely increased. Tasmanian exports to the mainland have thus been hampered, and in some classes of goods trade with the more distant States has almost ceased. The summer tourist traffic, which brings in a large income to Tasmania, has also suffered from the increased fares, and from the inability of tourists to take the "apple trip" in the large mail steamers which formerly catered for wealthy tourists who will not travel by the smaller coastal steamers. The amending Act provides that if the Executive is satisfied that tourist traffic between Commonwealth ports is being retarded, oversea ships may be permitted to engage in it. The Act does not touch Tasmania's grievance of the hindrance to the carriage of cargo.

The amendment of the Navigation Act also removes a serious disability from the Mandated Territory of New Guinea and from Papua. Hitherto the coastal provisions of the Act have applied to the ports of those territories so that vessels calling there on their way to or from Australia could not carry passengers or freight, unless they complied with Australian conditions. The territories in consequence were very much restricted in their facilities for export. Representations have constantly been made by merchants and by the Lieutenant-Governor of Papua to have these restrictions removed, and the amendment of the Act is expected to do a great deal to promote the trade both of Rabaul and of Port Moresby.

After the Crimes Bill, probably the most important measure of the session is the Northern Australia Act, which had been introduced near the end of the life of last Parliament. Its keynote is decentralisation: it is intended to be the beginning of the end of governing the territory from Melbourne or Canberra, and the Minister for Home and Territories declared during the debate that he hoped a

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locally governed territory might prove the nucleus of a new State including the bulk of northern and north-western Australia above the twentieth parallel of latitude. This parallel divides the territory roughly in half; and the Act provides that the northern half, to be known in future as North Australia, shall be under the control of a commission of three, which is to initiate schemes of development, and it is empowered to expend sums up to £25,000 annually without Cabinet authorisation. Parliament must sanction expenditure above that amount, but in respect of such expenditure the commission in effect replaces the Public Works Committee as the advisory body. Administration, as distinct from development, will be in the hands of an administrator, who will also be a police magistrate, resident at Darwin.

The portion of the territory south of the twentieth parallel will be administered by a government official (who shall be a qualified medical man) resident at Alice Springs, and responsible not to Darwin but to Melbourne. The system of developing this portion of the territory therefore remains the same as that now in vogue for the whole, except that the Federal Government deals with Central Australia direct, instead of through the Administrator at Darwin. Besides these legislative provisions, the Minister announced, in introducing the Bill, that attention was to be concentrated upon the pastoral industry as the best line of initial development for the territory as a whole. It was pointed out during the debate that it requires no great genius to hand the territory over to someone else to develop; but the Government can fairly claim that the achievement of continuity in policy and of a measure of local government represents a distinct advance in two most important respects. Much will depend on the character of the three commissioners, whose salaries in all are not to exceed £6,000.

One feature of the present session has been that references to the constitutional relations of Commonwealth and

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States have been even more frequent and pointed than usual. Some have criticised the Commonwealth's incursion into fields that are said to belong to the States, while others demand an increase in the Federal powers. Mr. Hughes's remarks on the Crimes Bill have been mentioned. The issue cropped up with regard to the proposal for a conference with the States on hours of labour, and will certainly do so again when the arbitration amendments appear. Circumstances of the hour are partly responsible for this, and in addition the constitutional conference with the States referred to in the policy speech is casting its shadow before. Constitutional reform or overhaul is in the air, whether and to what degree it will come down to earth the life of this Parliament should certainly show.

II. THE NORTH-SOUTH RAILWAY

ONE of the first acts of the Bruce-Page Ministry, after its return to office as the result of the November election, has been to make legislative provision for part performance of the agreement of 1907 whereby the administration of the Northern Territory was transferred from South Australia to the Commonwealth. In consideration of this transfer, which was validated by the Northern Territory Acceptance Act of 1910, the Commonwealth undertook to construct what is generally described as the North-South Railway to link up the sections already built in South Australia and in the Northern Territory. The measure in question, the Oodnadatta-Alice Springs Railway Bill, was passed by the House of Representatives on January 22 and by the Senate on February 5. It was stated by the Minister for Railways, during the debate in the lower House, that work would be resumed at once on the northern section, Emungalan to Daly Waters, which was sanctioned by Parliament in 1923.

The Northern Territory was made part of New South

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Wales in 1827, when the western boundary of that State was extended to longitude 129 degrees east as the result of rumoured French intrusion in the western portion of Australia. In 1863, as the direct result of the overland journey of exploration carried out in the preceding year by Stuart and two companions, who succeeded in reaching the present site of Darwin, the administration of the Territory was transferred by Letters Patent to South Australia "until we (the British Government) think fit to make another disposition thereof." South Australia made valiant attempts to provide railway facilities for the Territory. In 1889 a section of railway from Darwin south-east to Pine Creek, 145 miles long and built on the 3 ft. 6 in. gauge, was completed. In 1891 the 3 ft. 6 in. line from Port Augusta, at the head of Spencer's Gulf, was extended in a north-easterly direction from Marree to Oodnadatta, 688 miles from Adelaide. In 1892 South Australia endeavoured to bridge the 1,063-mile gap between Oodnadatta and Pine Creek by inviting tenders for the construction of a railway in return for grants of land amounting to eighty million acres, but no tender was accepted.

White settlers found little inducement to take up and develop holdings in the Territory because the lack of adequate railway communication added enormously to the cost of production and of marketing. On the other hand, schemes were put forward from time to time for employing coloured, indentured labour in primary production in the Territory; but the growing consciousness of the vital importance of the White Australia policy, and the positive restrictions contained in effect in the Federal Immigration Act of 1901, put an end to all such proposals. It was then felt that the task of developing the Northern Territory was too great for the slender financial resources of South Australia, but was rather the common duty of all the States in their collective, Federal capacity. An agreement was accordingly made in 1907 between the State and Commonwealth Governments, and was ratified by the Federal

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Parliament in 1910, whereby the Commonwealth took over the Northern Territory and the Port Augusta-Oodnadatta railway, and assumed the burden of such part of the South Australian public debt as had been incurred in the development of the Territory—a sum of approximately £4,000,000. The Commonwealth also undertook to

construct or cause to be constructed a railway line from Port Darwin southwards to a point on the northern boundary of South Australia proper (which railway with a railway from a point on the Port Augusta railway to connect therewith is hereinafter referred to as the Transcontinental Railway), (and to) construct or cause to be constructed as part of the Transcontinental Railway a railway from a point on the Port Augusta railway to connect with the other part of the Transcontinental Railway at a point on the northern boundary of South Australia proper.

No time limit was set to the performance of this agreement, nor was any definite route specified; but it was generally understood that Oodnadatta and Pine Creek would be linked by a line running directly between those two points.

In 1913 an Act was passed to authorise the extension of the northern section to the Katherine River, a distance of 54 miles; but the outbreak of the war diverted the attention of the Government to more pressing matters, and that short section was not completed until May 13, 1917. After 1918 the Government was faced with the necessity of assisting its ex-soldiers to return to civilian occupations in various parts of the Commonwealth other than the Territory, which owing to its meagre population had been able to contribute only a very small quota to the Australian Imperial Force. Consequently the Territory was entirely neglected until 1922, when the whole question of railway communication was referred to the Parliamentary Standing Committee on Public Works. That committee at once commenced an exhaustive inquiry into the actual conditions in the Northern Territory and into the best methods, from a national point of view, of ensuring its development, even sending two of its members to Java

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to examine present and prospective trade avenues. It journeyed overland from Oodnadatta to the Katherine, and returned via Western Queensland to Birdsville on the northern boundary of South Australia, thence to Marree and Adelaide. It examined 136 witnesses, including "explorers, surveyors, geologists, railway engineers, traffic managers, pastoralists, miners, battery managers, Ministers and members of Parliament," and presented a lengthy report which recommended the extension of the Oodnadatta line to Alice Springs, and of the northern section to Daly Waters. The Committee placed on record its opinion that any further extension of the northern section should not be a direct connection with Alice Springs, but should be taken via Newcastle Waters and the Barkly Tableland to Camooweal in western Queensland—what is known as the "western" route. In 1923 Parliament passed the Northern Territory Railway Extension Act to authorise the extension of the northern section to Daly Waters, but apart from the construction of a bridge across the Katherine River (opened to traffic in January of this year) no work was done, although, as stated above, it is to be commenced at once.

Other routes have been suggested on the ground that the direct north-south line will do very little towards increasing settlement in central Australia, which is stated by many competent authorities to consist largely of arid and practically useless country. The direct line would in fact pass through large tracts where the soil is very poor and the rainfall low and unreliable. On the other hand, the western route would open up the fertile Barkly tableland, an area with a good rainfall and eminently suitable for sheep and cattle. The Public Works Committee favoured the construction of a line via Newcastle Waters-Camooweal-Boulia to Marree, but the country between the last two points is generally considered to be very inferior and suffers from the disadvantage of a low annual rainfall. A third plan calls for the construction of a broad gauge line from

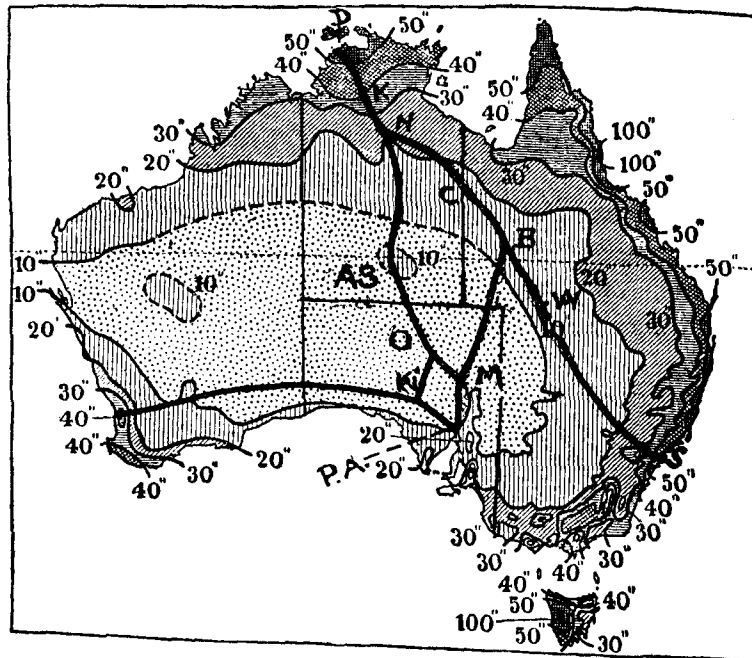
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Kingoonya, a point on the East-West railway in South Australia, to Oodnadatta and thence northwards. This has the sole merit of conforming with the Commonwealth proposals for unification on the standard gauge, but on the other hand, would cross a large expanse of desert country and would automatically increase the loss now sustained by the Commonwealth in the working of the Port Augusta-Oodnadatta line. If the present Government is in power long enough to carry out its proposals, it may not unfairly be charged with having preferred political to economic considerations, because during the years that have passed since the Commonwealth acquired the Territory it has been amply demonstrated that the development of Australia as a whole is unlikely to be advanced to an extent proportionate to the cost by the construction of a direct north-south line between Oodnadatta and Emungalan.

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MAP OF AUSTRALIA BY PROFESSOR GRIFFITH TAYLOR

Showing the rival routes to Darwin in relation to the annual rainfall.



- | | |
|---------------------|--------------------|
| D. Darwin | P. A. Port Augusta |
| K. Katherine | C. Camooweal |
| N. Newcastle Waters | B. Boulia |
| A. S. Alice Springs | W. Windorah |
| O. Oodnadatta | S. Sydney |
| M. Marree | Ki. Kingoonya |

Darwin, Katherine, Newcastle Waters, Alice Springs, Oodnadatta, Marree, to Port Augusta is the "direct route." Darwin via Camooweal, Boulia, Windorah, to Sydney is the "western route." Marree to Boulia is an alternative plan; Kingoonya to Oodnadatta is another suggestion. All the dotted region is hot arid land (rainfall under ten inches).

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III. THE NEW SOUTH WALES PARLIAMENT

THE Parliament of New South Wales consists of two Houses of which one, the Legislative Assembly, is composed of ninety members elected on an adult franchise, and the other of members appointed for life by the Governor on the advice of his Ministers. The relations of the two Houses to each other and to the Governor are defined to some extent by the Constitution Act, which was consolidated and re-enacted in 1902 after the establishment of the Commonwealth, and to some extent by usage. The Governor, who is appointed by the Imperial authorities, also acts under a series of written instructions from His Majesty in Council, one of which provides that he shall act on the advice of his Ministers, but that when he sees reason to differ from them he shall forward a statement of his reasons to His Majesty, his Ministers having the right to forward a statement of their reasons independently. The jurisdiction of the State Parliament is very wide. It has power to legislate on all subjects which have not been exclusively transferred to the Commonwealth, and these include wages and hours of labour, land settlement, education, local government, police, criminal law, the development of the country by public works, and the ancillary powers of taxation, borrowing and the control of the public debt. It cannot influence external relations except indirectly as, for instance, by differentiating between aliens and British subjects in its legislation or administration. But the powers enumerated give to the Acts of the Parliament of a wealthy and populous State an importance in many respects equal to those of the Parliament of the Commonwealth, and its control of industrial relations, the most contentious subject in Australian politics, gives to the manner in which its business is conducted and to its decisions an influence which is likely to be felt throughout Australia.

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This prefatory statement has seemed necessary in order to explain a series of events which since the election of the present Parliament has aroused intense feeling in New South Wales and attracted public interest in the other States. The nature of the issues raised will perhaps be seen from a brief account of the two sessions which have passed since the election.

The present State Government came into power in June of last year. The policy on which it appealed to the electors was set out by the present Premier, then leader of the Opposition, in his policy speech early in May. The then leader of the Government, Sir George Fuller, had, as has been explained in *THE ROUND TABLE*,* warned the electors against the extreme tendencies of the Labour party, partly because of its alleged association with certain professed communists, and partly because of the terms of the Labour platform. Mr. Lang, after referring to the importance which had come to be attached to a policy speech, went on to assure his hearers that these warnings had no application to his followers, that in the coming Parliament no attempt would be made to carry out the whole Labour platform, and that legislation would be confined to a list of measures which he enumerated. Mr. Lang's pledge has been quoted and misquoted many times since. It is here set out as reported in the *Labour Daily*:

I propose now to give a brief outline of the legislative and administrative work which Labour will endeavour to accomplish if returned to office with an adequate majority, and I would like the electors to beware of the snares set for them by our opponents. We do not promise the millennium in three years. We do not intend to rush madly ahead of public opinion. We ask to be the servants of the public, not to be their masters. We believe in neither a Mussolini nor a Bolshevik terror. Parliament cannot remedy all the evils of the ages in three years, so that when the electors vote for Labour candidates, they vote for what is here proposed and not for anything else, so far as the existence of the next Parliament is concerned.

* *THE ROUND TABLE*, No. 60, September 1925, p. 802.

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If Labour is given another term of office, it will be content to stand or fall on the accomplishment of this programme. . . . I ask the electors, so far as the coming Parliament is concerned, to consider only the policy I have outlined to-night. That is what we will try to do if returned to power, no more and no less.

This programme of moderation was repeated by the Premier in a number of later speeches. It was also announced towards the end of the campaign that if returned the Labour party would introduce pensions for widows. The Labour party was returned with a majority of two pledged supporters in the House of Assembly. Whether it had any majority in the constituencies is doubtful, as the election was conducted under the proportional system, and there were some independent candidates, but the difference between the Labour and anti-Labour vote, whichever side it favoured, was very small.

The first business session of the new Parliament began in August. Notwithstanding, or perhaps because of, the self-imposed restrictions in the policy speech, the Governor was made to say that his Ministers had an "unequivocal mandate." The Governor then announced a programme of legislation which included Bills for the enactment of a forty-four hour week and for widows' pensions, and a number of others, some of which had not been mentioned by the party leaders during the elections. Many of these Bills were highly complicated and more suited for discussion in committee than in a second reading debate. Yet in almost every instance the right of discussion was denied. A Workmen's Compensation Bill, more liberal to workmen than that of any other English-speaking country, contained 69 clauses on which thirty amendments were moved by the Minister in charge—six and a quarter hours were allowed for the committee stage, and only nine clauses were discussed. A Fair Rents Bill, imposing drastic restrictions on the management of house property, contained 12 clauses, to which six amendments were moved by the Minister—discussion was allowed on six

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of the clauses only, and on none of the amendments. The Forty-four Hour Week Bill contained 14 clauses, of which five only were discussed. An Industrial Arbitration Bill of the most far-reaching importance was taken through committee in nine and a half hours, and an amendment to the Railway Act was rushed through all its stages in one afternoon. It could not reasonably be suggested that the Opposition had sought to obstruct Government business or had not attempted to make crudely drawn Bills more workable. The attitude of the Government was that on proposals which had been approved by Ministers and by the party caucus discussion in Parliament was useless and would not be tolerated.

The Forty-four Hour Week Bill passed both the Assembly and the Council. It was recognised that the reduction of hours would be followed by an increase in the cost of living and of government services, the addition to the cost of the government railway services being officially estimated at over three-quarters of a million per annum. The Council, however, acted on the principle that it had no right to reject a Bill which had recently been submitted to the electors, and acting on the same principle it passed the Widows' Pensions Bill later in the session. The Bills which aroused the most acute controversy, and on which the Legislative Council refused to accept the judgment of the Government majority, were a Bill to amend the Electoral Act, a Bill to introduce adult suffrage in local government elections, and two Bills affecting those trade unionists who had not taken part in the great strike of 1917. The Local Government Bill was not put before the electors; it aroused protests from councils throughout the State, and was vitally amended by the Legislative Council. The Electoral Bill abolished proportional representation which was introduced in 1918. On this point it was supported by many members of the Opposition, for the proportional system had not worked well in the large country electorates. But strenuous objection was taken

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to the system proposed to be substituted and to the commission appointed to delimit the new constituencies. The commission proposed was to consist of three public servants to be named by the Governor, and it was urged that, as in 1918, the commission, in order to ensure an impartial distribution, should be made up of a District Court Judge and officials named by Parliament. The system of election proposed was that known in Australia as "first past the post." That system, which has been abandoned in all the States and in the Commonwealth, gives obvious advantages to a closely disciplined organisation, and it was urged that preferential voting would give the electors a freer choice of candidates and enable men of independent views to offer themselves. In the House of Assembly the Labour majority was inexorable, but the Legislative Council amended the Bill by providing for the appointment of a District Court Judge and for the contingent vote. The Bills affecting unions were of two kinds. The first substituted an industrial commission for the existing State Arbitration Court, enumerated in a schedule certain unions which only were to be recognised, and made it an offence for any man to be employed who had not applied for membership of one of the unions so enumerated. These provisions were defended by the Government as a redemption of their promise to ensure absolute preference to unionists. Their effect was to wipe out of existence many registered unions, including all those the members of which were loyal to the Government in 1917, and to force those members into bodies from which they have no reason to expect a welcome. The second Bill referred only to railway servants. During the strike of 1917 members of the railway service who remained loyal to the Government or came to its assistance were promised seniority over those who went on strike. On coming into office Mr. Lang ordered the Railway Commissioners to reduce these men in rank though not in pay, and to promote the former strikers over them. The powers of the Railway Com-

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missioners are defined by statute, and on application to the Court an injunction was granted restraining them from carrying out this direction. Thereupon Mr. Lang brought forward a Bill to annul the Court's decision and passed it through all its stages in the Assembly on the afternoon of the day on which the decision was pronounced.

The Legislative Council refusing to assent to the destruction of the loyalist unions deleted the schedule to the Arbitration Act. The Railway Bill it summarily rejected. In other Bills besides those mentioned it made amendments which the Government refused to consider. The Premier therefore demanded that 25 new members be appointed to the Legislative Council, alleging that that number was necessary in order that the policy of his Government should be carried out. The Governor thought 25 appointments excessive for this purpose and offered 15, but Mr. Lang was insistent and ultimately 25 new members were appointed, all of them pledged to give effect to the Labour policy.

The correspondence between the Governor and his Ministers was laid on the table of the House of Assembly a few hours before the House adjourned for the Christmas holidays, and when some time afterwards it was made the subject of a motion of no confidence the Government refused facilities for debate. The correspondence has therefore never been fully discussed in Parliament. It begins with a memorandum in which the Premier argues that the Council had obstructed the policy of the Government, but makes no reference to his own election pledges and draws no distinction between those Bills which had been submitted to the electors and those which were added to his programme after he had been returned to power. This is followed by a memorandum from the Attorney-General, in which he argues that the Governor has no option but to do what his Ministers tell him without question. The Governor's attitude is not quite clear from the printed documents, for it is obvious that some cable-

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grams between him and the Secretary of State are not included. It is clear, however, that through the correspondence he sought to maintain the friendliest relations with his Ministers, that he was anxious to preserve the place of the Upper House as a deliberative and revising chamber, and endeavoured to secure a pledge from his Ministers that the 25 appointments would not be used for its abolition. The pledge was not given, but Mr. Lang assured His Excellency, contrary to popular belief and to numerous Press reports, that abolition had not then been considered by his Cabinet. Within a few days after the appointments were made a Bill for the abolition of the Upper House was initiated in that Chamber. Three Labour members had for that session paired with three members of the Opposition who were absent from the State, and as it was thought that voting would be close they were ordered by the party caucus to break their pairs. This they refused to do, and the Government found it impossible to carry the second reading of the Bill. The Government therefore prorogued Parliament and summoned another session within three weeks.

The Upper House, which had passed the Bill to re-grade railway servants, then refused by 47 votes to 41 to sanction its own abolition, four of the new appointees being absent from the division and two former supporters of the Government voting with the Opposition.

The Abolition Bill has aroused great interest throughout the State; numbers of public meetings have been held to protest against it, and the Press, including newspapers hitherto strongly opposed to the Nationalist party, has urged that the proposal be referred to the electors either by a referendum or a general election. The advisability of reforming the House has been admitted on all sides, but it is urged that the proposal for its abolition was never submitted to the electors, that some revising chamber is necessary, and that even the Labour platform, which was excluded from the policy speech, couples the abolition of

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the Upper House with the substitution of the referendum, the initiative and the recall. Mr. Lang, however, has declared his intention of again bringing the Bill forward, relying, it is said, on his ability to compel the Governor to appoint a sufficient additional number of his pledged supporters to give him a majority on this and all other issues. If this confidence exists, presumably Mr. Lang believes that the Governor has been told either in confidential cablegrams or elsewhere that he must act on the advice of his Ministers, whatever his own views or whatever authority they may have received from the electors, except possibly when external or Imperial interests are involved. Such a direction would, however, be opposed to precedent and to any practicable theory of the relations of the Governor to his Ministers and of one House of Parliament to the other in the constitution of New South Wales. In the past appointments have been refused unless or until a proposal on which the two Houses differ has been submitted to the electors, and the Upper House has held itself bound to pass Bills which like the Forty-four Hour Week and the Widows' Pensions Bill have received popular approval. Again, the existence of a discretion in the Governor as to making or refusing appointments is essential to the existence of the nominee bi-cameral system. If a Minister, whatever his mandate and however slender his majority, can insist on appointments, there is, in fact, only one House and there is no protection for the electors against a temporary despotism, particularly when, as in New South Wales under the proportional system, there are no by-elections.

The case for the Government throughout this controversy has been put on various grounds. As against the Upper House, it has been claimed that a party once it has been returned to power must be the sole judge of its policy and the sole interpreter of its mandate, that the electors have voted for a party or a leader rather than for any specified measures, and that therefore any self-imposed restric-

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tions may be neglected when it is thought expedient to do so. Mr. Lang has spoken as if he thought there should be no second chamber, and indeed has claimed more than once that his aim was to bring about the abolition of all State Parliaments. Unification is in the platform of the Labour party, but many Labour supporters doubt whether Mr. Lang has adopted the method most likely to hasten its accomplishment, and it is clear that many of his followers are as convinced as are his opponents that a revising chamber of some kind is necessary. On the specific issue of the abolition of the Upper House it has been said that though abolition was not mentioned in the policy speech, it has always been on the Labour platform, and that Nationalist Governments when in office have neglected their opportunities of reforming the nominee system. The proposed industrial legislation is defended on the ground that it is only by abolishing the loyalist unions that industrial peace can be preserved. There have been no strikes in the industries concerned since these unions were formed, and there have been none since the proposed legislation has been rejected, but it is a fact that since the 1917 strike each Labour Government has been pressed to restore the older unions to their former predominance. For the manner in which discussion has been stifled no reason has been given officially. It has been said by Government supporters in Parliament that discussion was useless once the Government with the approval of the caucus had come to its decisions, and that amendments would not be tolerated either in the Upper House or the Lower, but the most probable explanation is that Ministers were determined to be able to present a complete record of industrial legislation at the end of their first session.

Again, it may be objected to any criticism of the acts of Ministers that they are supported by a majority of members who have been elected by the people and who are likely to offer themselves for election again. But ideas of representative government must be modified in view of the

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strict discipline of the Labour party and of its extra-parliamentary organisation. The approval of the party machine is as necessary to the career of a Minister or of a member as the approval of the electors, and very few who by independent action have incurred its displeasure have been able to continue in political life. Mr. Lang on his defence sometimes speaks as if the will of the people and the party platform were identical and he were at once the agent and exponent of both. The party organisation, however, is less concerned to establish this identity than to bring about the triumph of its own type of trade unionism and to pass its own measures into law. Mr. Lang's supporters may believe that they have not carried out their election pledges and that they are not acting in accordance with the popular will; but the discipline of the party is paramount, and their belief in the solidarity of the movement encourages them to hope for survival two years hence at the next election.

Australia. March 31, 1926.

SOUTH AFRICA

THE INDIAN QUESTION

I. ITS HISTORY

THERE has been a great setting free of ordinary workaday folk in mind and body since Rousseau first envisaged the "noble savage" and James Watt saw fit to experiment with the family tea-kettle. In this emancipation the British have played an honourable part, but the process has been slow and subjected to many checks. Though the institution of slavery was abolished within the British Empire in 1834 the slaves did not obtain full freedom till 1838. During the interval they were wisely apprenticed to their former masters. During the interval, likewise, the masters looked around for an alternative supply of cheap dependent labour. The Cape Colony sought to ensure "a sufficiency of labour" by means of a vagrancy law, somewhat on the lines of sixteenth century English legislation, to check the movement of those Hottentots who were neither in service nor in the mission reserves. This step was, however, barred in advance by a specially entrenched ordinance of 1828 which put free coloured persons on a footing of civil equality with Europeans. It was therefore disallowed by the Imperial Government. Mauritius discovered a more excellent way. In 1837 she began to import indentured Indian coolies to work on her sugar plantations. Her example was followed by many

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colonies, British and other, and in due time Natal followed suit. Natal thereby laid the foundation of the South African Indian problem.*

The connection between South Africa and India was of the closest for more than two hundred years after the foundation of the Dutch East India Company's settlement from which Cape Town arose. From 1652 till the opening of the Suez Canal in 1869, South Africa was valued mainly for the sake of the Cape Peninsula, which was held by both Dutch and British as an outpost of their Indian Empires. The cutting of the Canal severed South Africa from Asia in every sense. Much of the traffic was diverted from the Cape route, the Anglo-Indians who had so often spent their leave at the Cape came no more, and South Africans forgot what the real India was. Meanwhile, the coolies had come to Natal to remind them what the least fortunate classes of Indian society were. It is *ex pede Herculem* that South Africans have formed their present conception of the 318,000,000 of Hindustan.

It was certain that if the indentured coolies were to find a footing at all in South Africa they would do so in Natal. The coast-belt of that colony for thirty or forty miles inland is a prolongation of the tropical east coast of Africa which has for ages been linked to the west coast of India by that trade route which Vasco da Gama followed under the guidance of an Indian pilot. Natal, a small Boer republic since 1838, was formally annexed by the Crown in 1845 as a detached district of the Cape Colony. Most of the Boer trekkers drifted away inland out of reach of the British officials and, in spite of repeated efforts to attract settlers, so few came to fill the gaps that in 1856 there were only about 8,000 Europeans in the colony. They lived mainly in the coast belt and experimented with various tropical products. Coffee and cotton promised well, but fly,† high

* For previous articles on this subject *vide* THE ROUND TABLE, Nos. 8, 12-16, 38, 46 and 49.

† i.e. the tsetse fly.

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cost of transport and lack of labour during the busy picking season forbade their full development. Until 1860 ivory from the interior headed the list of exports as it had always done since first the English ivory hunters settled at Port Natal (Durban) in 1824. Wool took the lead for a short time about 1865—all South Africa that had any money and land to spare was going in for woolled sheep at that time—but wool was not destined to make Natal's fortune. Sugar introduced from Mauritius in 1847 had thriven. Great things were expected of it, given sufficient capital and labour. Labour was the chief problem. Slavery was, of course, forbidden and the local labour supply was not satisfactory. Two-thirds of the 150,000 Bantu tribesmen, Zulus for the most part, lived in the reserves which the officials had set aside for them in 1847. In spite of a light hut-tax, they were slow to come forward and were apt to be clumsy and cheerfully irresponsible when they came. Nevertheless, they were better than nothing and the bulk of the colonists dwelt on the danger of congregating them in solid masses within the colony and on the economic loss to the community occasioned by the draining off of the labour force to the reserves. It was the old complaint that had been heard so often against the mission reserves in the eastern Cape Colony. In 1852 the Natalians made a determined attempt to induce the officials to break up the reserves. They failed for, quite apart from any other consideration, the thing could not be done in the absence of police and of a much stronger force of troops than that which was available. The cry was then raised for indentured labour. The new High Commissioner, Sir George Grey, visited Natal and was sympathetic, negotiations were begun with the Colonial Office and the East India Company (for John Company still ruled in India in 1855), but nothing was definitely settled till Natal had become a Crown Colony separate from the Cape in 1856.

From the first, members elected on a low franchise had a great majority over the officials in the Legislative Council

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of Crown Colony Natal. From the first also they directed the colony's economic policy. The third ordinance which they passed in 1856 empowered the executive to take the necessary steps to import coolies. Next year the first experimental shipment was landed, in 1859 two ordinances were passed laying down regulations and, in spite of the lukewarmness of the Indian authorities, regular importation began in 1860. At first it had been proposed to pay the coolies from 5s. to 6s. per month, but the East India Company had insisted that this was too little and that a return passage to India must be provided for. Now, coolies recruited with very few exceptions from British India, were imported at the public cost, the planters repaying the Government within a stated time. Coolies were indentured for three years to the masters to whom they were assigned, paid 10s. per month with food and lodging, rising to 12s. in the third year, and subject to the criminal law if they broke their contracts. They must then re-indenture for at least one year more and might do so for two or, alternatively, compound at the rate of £2 10s. for each of these years. Coolies who served for five years and who lived in Natal for another five, living and working as free men how and where they could, were to be entitled either to a free passage home or to a grant of Crown lands to the value of that return passage. So successful was the venture, even at the higher rate of pay, that in 1864 a public loan of £100,000 was raised to finance the traffic, the term of indenture fixed definitely at five years, and the rate of pay raised to 15s. per month for the final year.

As Dr. Theal, the grave chronicler of South Africa, observes, "cheaper labour than this could hardly have been desired." By 1865 there were 6,000 Indians at work, the European population had doubled in a decade, sugar was booming, and the whole colony displayed the customary signs of economic exuberance. This prosperity cannot be attributed entirely to the Indians. Times were good all over South Africa and in Great Britain at the turn of the 'fifties, but

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there is no doubt that without the coolies Natal would never have shared so fully in that prosperity as she did. However, the lean years came to Great Britain and to South Africa and, to make matters worse for Natal, the Indian Government cut off the supply of indentured labour in 1866. Two things saved the colony from economic collapse. The one was the discovery of the diamond fields round Kimberley and of the goldfields at Tati and in the eastern Transvaal between 1867 and 1873, which stimulated the demand for Natal products inland and sent traffic through Durban, the best port for the goldfields so long as fever barred the way to Delagoa Bay. The other was the resumption of coolie importation in 1872. The Natalians had pressed hard for it and in 1870 had repeated the offer of Crown lands in lieu of the return passage. "There is," wrote their Colonial Secretary, "every reason to believe that the Indian immigrants will become permanent residents of Natal." There was. The census figures are eloquent on that score:

		Europeans.		Indians.		Bantu (not including Zululand).
1876	..	18,846	..	6,787	..	281,797
1884	..	35,453	..	27,206	..	361,766
1891	..	46,788	..	35,763	..	455,983

In 1891 indentured coolies were still coming in fast, but two-thirds of those in Natal were already free. They gave Durban a supply of fish, fruit and vegetables which it had never had before and which is still the envy of other South African towns. In the coast-belt, they rented where they did not own small plots of ground that even a French peasant would have scorned, they made them fruitful and then made way for the sugar planters. Further inland they did the same or worked as household servants or as farm labourers. They, or rather other Indians who accompanied them, became small shopkeepers, they embarked on the semi-skilled and then upon the skilled trades. As long as there were indentured coolies to set the pace there was

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no fear that wages would go too high. Nevertheless, in 1891, the reaction began.

Since 1864, Natal, without actually erecting a colour bar which was forbidden, had taken elaborate precautions to block the way to the franchise to the Bantu who outnumbered the whites so heavily. The parliamentary and municipal franchises were open to coloured folk on the same terms as to Europeans, and the free Indians counted as coloured folk. Some of them had already got the vote and others were qualifying at a time when Natal expected soon to get responsible government. In 1891, therefore, the offer of Crown lands was withdrawn and, as soon as self-government had indeed been granted in 1893, Natal tried to come to some arrangement with the Indian authorities whereby she might rid herself of some of her Asiatics. When this attempt failed other measures were tried. The parliamentary franchise was denied to all immigrants who came from countries which had no representative institutions, such as India was in 1896. So successful was this expedient that in 1920 only 45 Indians still held the franchise in all Natal. In 1895 a tax was levied on coolies then under indenture who did not either re-indenture at the end of their term or go home to India. That tax was extended later, in 1903, to the children of such coolies. Trading licences were refused to all who failed to keep their books in English and, to check the immigration of free Indians, an education test was in 1897 applied at the ports. Much of this legislation, especially that affecting immigration, was carried against the wishes of the Imperial and Indian Governments, but both Governments recognised that a sudden influx of Indians must alarm the Natalians. They, therefore, acquiesced for the sake of securing fair treatment for the Indians who were already domiciled in Natal. Both Governments have maintained that attitude from that day to this.

Meanwhile, the Indians had spread beyond the borders of Natal. The Orange Free State refused point blank to

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admit them, but the Cape Colony at first admitted them freely till 1902, when it adopted an education test similar to that of Natal, an example which was followed by Southern Rhodesia in 1903. The Cape, however, gave and still gives them the parliamentary* and municipal franchises and liberty to own land and to trade on the same terms as anyone else. Comparatively few Indians entered the old Colony. It was to the Transvaal, the natural hinterland of Natal, that they went. Few ex-coolies crossed the Drakensberg mountains. They were for the most part Madrassis of low caste or no caste, poor, ignorant and ambitious only to secure the right to cultivate a small plot of land as their ancestors had done from time immemorial. Some of the Madrassis, it is true, had risen above the general mass, but the traders who invaded the Transvaal were as a rule men of higher standing from North India and notably Surat, the so-called "Arabs." In response to the protests of European shopkeepers and others the Government of the South African Republic (as the Transvaal then was) passed laws forbidding Asiatics to own fixed property and rendering them liable to registration and segregation in bazaars, at first universally and then, in response to the protests of the Indians and H.M. Government, on sanitary grounds (1885-6). These laws were never really enforced, partly from fear that they might be held to conflict with the provisions of the London Convention of 1884, under which the Republic enjoyed its independence, and partly because the poorer burghers, whose numbers in the towns were already growing, found the Indian a cheaper and more merciful purveyor of goods and credit than some of his more sanitary rivals. As it was, an attempt to segregate the Pretoria Indians in 1898 formed one of the complaints of the Uitlanders of the Rand against the Kruger régime.

Before and during the South African war (1899-1902), rash speeches by politicians and others led Indians to believe that all restriction would be removed. This was not so.

* 2,429 Indians held the Cape parliamentary franchise in 1920.

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Before the end of the war Milner, in 1902, proposed to confine all save the better class educated Indians to trading and residential locations, to register them all, and to exclude undesirables. Chamberlain refused, but a year later the proposals were practically embodied in a Government notice. The difficulty was this. Indians domiciled in the Transvaal before the war of 1899 were naturally allowed to return, but it was feared that in the confusion of Repatriation much impersonation was taking place and that unauthorised persons were being smuggled in. That, without registration, would be difficult to check, for till 1910 the ports were completely out of the control of the Transvaal and all Indians reached the colony overland. No action was, however, taken, and figures soon proved that no great increase in the numbers of Indians was taking place. But the competition of Indian traders was beginning to tell, the European shopkeepers cried out, and in 1904 an outbreak of plague in the Johannesburg Indian quarter redoubled the outcry. To add to the confusion, the Transvaal Supreme Court practically nullified much of the old restrictive legislation. Milner and the new Secretary of State, Lyttelton, in 1904 agreed that low-class Indians might be segregated on sanitary grounds and that the Natal and Australian education immigration tests might be adopted. But again nothing was done. The Transvaal Crown Colony officials were anxious not to embarrass the Indian Government in face of the political agitation which was already arising in India. They were also afraid to anger it, for they looked to it to supply them with the labour so sorely needed for the work of reconstruction. The Indian Government, however, refused to allow them to recruit coolies for railway construction and thus to set free Bantu labourers for the development of the gold mines on which the whole Milner policy depended. "I know of no class," wrote the Viceroy, Lord Curzon, "... who want the Indian to have anything to do with the Transvaal. The bitter example of Natal is

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before them." So recourse was had to Chinese, with results which are a matter of history. The Transvaal Legislative Council, with its strong elective element pushed on by public opinion, still pressed for restrictions, and the Imperial Government, as in the case of Natal, reluctantly accepted "sanitary" segregation and finger-print registration "in order to secure the fair treatment of the Indians now in the Colony." An ordinance on these lines was passed at Pretoria in September, 1906. But the days of Crown Colony rule were already numbered, Mahatma Gandhi was preparing for passive resistance, the Indians protested, and the ordinance was shelved. Once the Transvaal had secured self-government, its Parliament, in 1907, embodied the ordinance in an Act enforcing the education test and finger-print registration and, by the Gold and Townships Act in 1908, it forbade non-Europeans even to occupy land in proclaimed gold areas, that is, on most of the township lands along the Rand and elsewhere.

The first of these Acts was hailed by the Transvaalers as a proof that self-government was real; by the Indians as the signal for passive resistance. Meanwhile, as their tea industry grew up beside their sugar staple, the Natalians had continued to import coolies. On the other hand, from 1907 onwards, the Indian Government, under Lord Minto, began to set its face against the whole system of indentured labour. That system was bringing little but misery to the Indian villages which native touts, paid by the colonial Governments concerned, harried for recruits. No less certainly it brought moral degradation to most of the coolies and to the unhappy women immigrants—one woman to every three men, which the law demanded. In 1908, Gokhale, a member of the Viceroy's Council, moved that the thing should be ended and, though this was not fully effected till 1920, Natal was informed at once that no more coolies would be forthcoming, mainly because her new Dealers' Licences Act bore so hardly on Indian traders. A respite was, however, granted to Natal. The Imperial

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Government urged that no decisive step should be taken while the negotiations for South African unification were proceeding, for opposition to Union was very strong in the Garden Colony and an Indian controversy might jeopardise the cause of Union there. Natal also sent a deputation to India to beg that recruiting might continue. Accordingly, recruiting was permitted until July, 1911, on condition that Natal would allow appeals to her Supreme Court by Indian traders who had been refused licences by municipal councils. Recruiting ceased in 1911 and the last Natal coolie duly finished his indentures in 1916. The legend which has obtained some currency that coolies were pressed upon Natal by Imperial and Indian officials acting in collusion may well be laid to rest.

With Union, the Indians, in 1910, came under the care of the central authorities. There were at that time about 150,000 Asiatics in the Union, nearly all Indians. Of these, 7,000 were in the Cape Province, 11,000 in the Transvaal and 133,000 in Natal and Zululand. There, 40,000 were still under indenture and 30,000 others had been born in the country. The fundamental fact was that the Natal Indians outnumbered the Europeans who were already face to face with nearly a million Bantu. But South Africa was now face to face with India. The two countries were rediscovering one another after many years. Gandhi had linked his local agitation up with the political movement in India and was therefore all the more dangerous. A few concessions were made to educated Indians but, so far from acceding to Gandhi's request that all should be given equal treatment at the ports of entry, the Ministry introduced an Immigration Bill which in 1911 called forth protests from the Imperial Government, the Indians and the Jews. That Bill prescribed an education test and other restrictions on the entry of "Indians and other Asiatics." Who were these Asiatics? A differential policy of this kind might be very far-reaching and, in spite of the demand of its Natal and Free State followers particularly for precise and

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strict immigration regulations, the Ministry hesitated. The Bill was twice withdrawn; while a conference of the newly-formed Labour party demanded the exclusion of contracted labour of all kinds, and Gokhale negotiated informally with the Union authorities. As a result of these negotiations the measure was passed with some modifications in 1913. All specific mention of nations was omitted, but the executive was given wide powers to exclude any immigrants on the grounds of economic or social unfitness, subject to an appeal to the Courts. In terms of the conversations with Gokhale, a few priests and other professional men and the monogamous wives of domiciled Indians and their children were to be admitted. But the Cape law providing for an education test on the borders of that province was re-enacted and the hated and ineffective £3 tax in Natal was not abolished as Gokhale had understood would be the case. Moreover, the Natal Courts presently held that the sole wife of a domiciled Indian married under a polygamous code was polygamous and; therefore, not to be admitted.

Gandhi at once extended his passive resistance to Natal soil and promised to persist until he had won his five points: first, the right of entry into the Orange Free State; secondly, the old right of entry into the Cape; thirdly, the abolition of the £3 tax; fourthly, admission of sole polygamous wives; fifthly, milder administration of the land, licence and immigration laws. At last he led a great pilgrimage of protest on foot from Natal into the Transvaal and, with scores of his followers, was in 1913 lodged in gaol for having broken the immigration regulations. Strikes, thereupon, occurred on some of the Natal sugar plantations accompanied by damage to property and some loss of life. Gandhi himself was soon released and a strong commission of inquiry appointed under Sir William Solomon, a judge of the Appellate Division, assisted by Sir Benjamin Robertson, a highly placed Anglo-Indian official. Gandhi and his followers boycotted the com-

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mission because Indians as such were not represented upon it, but the recommendations of the commissioners were none the less accepted by the Ministry and embodied in the Indian Relief Act of 1914. By this Act, *inter alia*, the position of sole polygamous wives was regularised and, in spite of Natal and Free State warnings that the Bantu would take a leaf from Gandhi's book and passively resist the hut-tax, the £3 tax was abolished. After long negotiations, Gandhi, against the wishes of his more determined followers, accepted this Act and an assurance from General Smuts, then Minister of the Interior, that existing laws would be administered "in a just manner and with due regard to vested rights" as closing the long-continued campaign of passive resistance.

This so-called Smuts-Gandhi Agreement of 1914 was generally taken to mean that, whatever future legislation might be necessary, the position of the domiciled Indians would not be made worse. Contained as it was in two letters, it was not a formal agreement binding the Indian or the South African Government, but that is the way in which it was interpreted, certainly by the authorities at Simla. Gandhi had, however, reminded Smuts that there were other issues which would have to be faced some day and indicated that nothing short of full civic rights would satisfy his countrymen in the long run. Moreover, on the eve of his departure he told his followers that they must look on the 1914 arrangement as the base-line from which to set out to win relief from their remaining disabilities, that is, in the matter of land-holding, trading, free internal movement and the franchise. Gandhi departed, a few months later the great war began and, till it was ended, the South African Indians remained quiet.

India emerged from the war with her national consciousness and her political status greatly enhanced. Her troops had served the Empire well; 34,000 of them had fought beside South African and other troops in German East Africa alone. She had been recognised as a Dominion;

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as such she had been separately represented at the Peace Conference; as such she had signed the Treaty of Versailles and the Covenant of the League. Now, the Montagu-Chelmsford reforms were about to witness to her fitness for at least a large measure of self-government. At Imperial Conferences, Indian delegates urged that the disabilities under which their people laboured in various parts of the Empire should be removed. At the Conference of 1917 nothing was settled, though Smuts declared that, now that Indian immigration had practically ceased, thereby relieving South Africans from the fear of being swamped by the swarming hordes of Asia, other subsidiary matters could easily be disposed of. In 1918, both South Africa and India accepted what was really a reaffirmation of existing practice, that each part of the Empire should have liberty to regulate the inflow of immigrants. Indians, too, may well have expected that their request for the repeal of the Transvaal laws regulating land-owning would be sympathetically considered. It was, however, on this issue that the Indian trouble began again in South Africa.

Prior to the census of 1921, South Africans wrongly believed that the Indians were still increasing faster than the Europeans in Natal and that they were evading the Transvaal immigration regulations wholesale. In the Transvaal the laws against the holding of fixed property by Asiatics had been only laxly enforced and Indians had discovered convenient loopholes in them. Asiatics were indeed debarred from holding land but a limited liability company is hardly an Asiatic. Companies of this sort for the holding of land began to proliferate. There had been three in 1913. In May, 1919, there were 370. Similarly, Indians could usually find Europeans who would buy land and mortgage it to them at its full price. Indian traders thus spread with the spread of the towns along the Rand and in other parts. They also pushed their way into villages and into many out of the way places where no one else had ventured. There, according to Sir Benjamin

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Robertson, they served a useful purpose in that they paid more attention to the needs and wishes of the natives than did Christians, and gave longer credit and were less eager to foreclose on their customers' property than were some of the Jews. Be that as it may, the outcry against the Indian storekeepers arose once more and primarily from Krugersdorp. It was alleged that they were spreading fast and, by reason of dirty habits, unfair business methods and general low standard of life, depreciating their neighbours' property and ruining their rivals' trade.* Municipal councils began to withhold trading licences freely till the Krugersdorp magistrate upheld three Indian appeals. The local council, therefore, had recourse to a clause in the Gold Law of 1908 which had hitherto not been regularly enforced and in 1919 obtained an injunction against a European who was leasing proclaimed land to an Indian tailor.

In face of a shower of applications for similar injunctions which would have gone far to close the towns of the Transvaal to Indian shopkeepers, Parliament passed Act No. 37 of 1919 based on the recommendations of a select committee. Existing trading licences held by Indians in proclaimed gold areas were to be renewed but no fresh ones issued; the limited liability and mortgage loopholes were closed but vested rights thus acquired prior to May 1919 were respected. There was an outcry from Indians and Anglo-Indians everywhere but, apart from a tendency in some of the Cape towns and a systematic campaign in those of southern Natal to refuse licences to Indians, most South Africans took the matter quietly. They trusted to time and education to raise the Indians' standard of life and to the voluntary repatriation which, encouraged by the Government, had gone on at the rate of some 4,000 a year since 1914, to keep down their numbers. Some were

* In 1921 there were some 16,000 traders in the Transvaal; 5,816 were Indians. Many of the others were Jews, Greeks and others from Eastern Europe or the Levant.

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even prepared to doubt the reality of the "Indian menace" in view of the fact that immigration had practically ceased since 1913 and that a considerable proportion of the domiciled Indians were unmarried men. But anti-Indian leagues, more or less centering on Krugersdorp, kept the agitation alive and, presently, similar associations sprang up in Natal, where the Indians were said to be overrunning the up-country farm lands. A commission under Judge Lange, again assisted by Sir Benjamin Robertson, recommended the encouragement not only of voluntary repatriation but of voluntary segregation, for, as it was, the humbler Indians tended to keep together bound by social ties, religious customs and a common poverty. The commissioners were not prepared to recommend the compulsory segregation which the Leaguers demanded, for they had seen the amenities in the areas provided for Indians by some of the Rand municipalities. They did suggest, however, that new licences should only be issued in Indian bazaars, that the licensing laws of the various provinces should be consolidated, that the immigration laws should be strictly enforced, and, with the dissent of J. Duncan Baxter, a Cape member, that the right of Indians to hold farm lands should be limited to the coast belt of Natal (1920-21).

No immediate action was taken on the commission's report, but at the Imperial Conferences of 1921 and 1923 Smuts refused on economic grounds to ask South Africa to fall into line with the other Dominions and to give domiciled Indians the full rights of citizenship. In view of the figures of the 1921 census this attitude is intelligible, for, whereas Canada, Australia and New Zealand had only 4,800 Indians between them, the Union had 166,000. But those census figures revealed something else. They showed that the 141,000 Indians in Natal barely outnumbered the 136,000 Europeans who, for a variety of reasons including an influx from other parts of the Union, were fast gaining on them. The illicit percolation of

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Indians into the Transvaal was also shown to be very small. Had times been good these facts might have checked the anti-Indian agitation, but times were far from good. Even before the war South Africa had been conscious of the agricultural revolution which was driving into the towns younger sons, the less fortunate and the less skilful of the farmers, and the trek-Boers whose trekking lands were being closed to them. Many of these became miners on the Rand and carried into the Labour party the hostility to any equality between white and non-white which their traditions and their training had ingrained in them. Many of the less affluent townsmen, moreover, were awakening to the fact that South Africa was the country in which they must live and die and, more to the point, in which their sons must find employment. Those who did not already share the colour prejudice began to share it the more keenly the nearer they approximated to the level of the semi-skilled. Many of these people were sorely worried. Under the artificial protection afforded by the war, all sorts of manufacturing industries had sprung up, but now the post-war slump was upon South Africa. Side by side with the cry for protection of home industries arose the cry for the protection of white workers. It was in the Transvaal and Natal that the incipient industrialism was most marked, it was there that anxiety was deepest, and it was there that the Indians were at hand to bear the brunt of it. For there was something uncanny about the Indians in the eyes of many South Africans. The Coloured* man was, after all, partly of the white man's stock, his civilisation was the same as his in all essentials. The Bantu, once he emerged from the tribal stage, took on the white man's style of life and, in any case, he had not a strong civilisation behind him. The Indian had. He upset the easy philosophy held by so many South Africans that the white man was the civilised man and the black the un-

* Half-castes with some European blood are known in South Africa as "Coloured" people.

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civilised. The Indian was the humble representative of an ancient civilisation different from that of the West. He was feared for that reason. Good, decent souls would tell each other that the Indians came of a dangerous people and that they were unassimilable by European society. True, not much attempt had been made to assimilate them, but that was the belief. Meanwhile, the Bantu and the Coloured folk were native to the country—so were nearly 68 per cent. of the Indians, but that fact was apt to be lost sight of. They could not be expected to leave it, but the Indian might be induced to do so. Such were the ideas that were more or less clearly held by many South Africans at a time when any coloured competition was feared and resented. In 1922 and 1923 new Natal provincial ordinances forbade Indians to purchase or lease land belonging to municipalities, thereby hampering their trade in Durban especially, where much land is municipally owned. After repeated attempts to wear down the Governor-General's powers of resistance, Natal Indians were deprived in 1924–25 of the municipal franchise. In the Transvaal, Indian applicants for trading licences were directed to produce certificates of fitness from the local authority. Voteless men were thus bidden to apply to those who were often their keenest trade rivals. As this pressure increased, voluntary repatriation diminished, especially when the Smuts Ministry, tottering to its fall, introduced a Class Areas Bill which would have prevented the acquisition of land or of new trading licences by Indians outside certain areas. It was an application to Indians of the principle of the much-discussed and imperfectly implemented Native Land Act of 1913, but, before the measure reached Committee, the Smuts Ministry had fallen in 1924. The Hertzog Ministry, bound by its election pledges, then introduced the Areas Reservation and Immigration and Registration (Further Provision) Bill, a measure much more stringent than its predecessor and avowedly intended, while eschewing force, "to supple-

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ment . . . the inducement which is held out to Indians to leave the country." This Bill, shelved in 1925, has been brought forward again this session. It is the immediate cause of the present crisis in the relations of South Africa and India.

II. THE PRESENT CRISIS

THE present situation in South Africa is a complex of many co-existing forces. It is sometimes described as a case of trade rivalry—and undoubtedly it is in the field of retail trade that the competition of the Indian to-day is most acutely felt by the European. It is sometimes regarded as another manifestation of the colour prejudice which is so markedly displayed by the white South African. Again one finds stress laid upon the habits of life of the Indian, who forms the vast majority of the Natal Asiatic population—his neglect of sanitary requirements, his uncouth religious festivals—which make it intolerable for the European to live in close proximity to him. All these are elements which have to be taken account of. But all of them would not be sufficient to account for the situation as it now is, were it not for the overshadowing influence of the Native problem. The European population is at present much exercised—not unnaturally perhaps—about what the future may hold for it in South Africa, surrounded as it is by a much larger native population. It is frankly alarmed at the gradual rise of the native population in civilisation and education, and is eager to grasp at any expedient which seems to promise a way of security. Into this somewhat strained situation the Indian and the problems which he raises come as an irritant. The Native problem is indigenous to the soil. The Indian is a stranger, and he brings another racial antagonism into South Africa. Socially he stands distinct from the European, and yet he is dependent on the European in the sense that he would not survive permanently in the country

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without the presence of the European. He is thus by many of the Europeans regarded as a parasite, in that he depends in a sense on the protection of the European, while at the same time, by his competition he weakens the position of the European vis-à-vis the native. The grant to him of concessions, political or economic, will, they feel, be used to reinforce the demands of the natives for similar treatment, and will make their demand still more difficult to meet.

The Bill now before Parliament was brought in by the Minister during the session of 1925, but was not carried beyond its first reading. The intention was to give full time for its consideration during the parliamentary recess and pass it into law during the current session. It contains three main provisions. The first is identical with the Class Areas Bill introduced by the Smuts Government in 1924, and enables urban local authorities, subject to the approval after enquiry of the Union Government, to set apart separate residential and trading areas. The second is to prohibit the acquisition of land outside an area in Natal extending thirty miles inland from the coast and there only from a person of the same class. The third limits to a period of five years the exercise of the right given to Indians as a result of the so-called Smuts-Gandhi agreement to introduce wives from India.

Shortly after the introduction of the Bill in 1925 negotiations were opened between the Government of India and the Union Government with the object on the part of the Government of India of obtaining the consent of the Union Government to holding a round table conference on the questions raised by the Bill. The Union Government, however, took the position that they would not go into a conference in which presumably they would be expected to make concessions without the prospect of counterbalancing advantage to the Union, and they therefore made it a condition of the holding of a conference that the Government of India should agree to assist in

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bringing about a more effective scheme of voluntary repatriation of Indians from South Africa. The Government of India could not agree to this condition and the proposal for a conference accordingly fell through. The Government of India then suggested the sending of a delegation to South Africa to enquire into the position on the spot and to report to them. This was agreed to by the Union Government who also offered to allow the delegation to represent the views of their Government and of local Indians before the Select Committee of the House of Assembly to which the Bill was to be referred after passing its second reading. After receiving the first report from this delegation the Government of India made a further proposal, viz.: that the Union Government should not proceed with their proposed legislation pending the appointment of a commission of enquiry similar to that which sat in 1921. To this request, however, the Union Government was unable to accede on the ground that such a step would involve postponing the contemplated legislation for the present session of Parliament, and that, in the face of the public impatience for a solution of the question, could not be agreed to. Having thus refused two proposals of the Government of India, the Union Government felt that they would be putting themselves in the wrong if they appeared to be forcing through legislation of this kind without giving the fullest opportunity for the Indian case to be put before the House and the country, and that they would be creating an atmosphere which was not conducive to the successful solution of our difficulties. They therefore offered to give the Government of India an opportunity of stating its case in the fullest possible manner by setting up a Select Committee to consider the whole matter before the second reading of the Bill, subject to certain conditions to ensure that the Committee would report in time to allow the legislation to be proceeded with during this session. The Government of India accepted this proposal and accordingly, on a

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statement by the Minister of the Interior on February 17, the House resolved to discharge the order for the second reading of the Bill and to refer the subject matter to a Select Committee with instructions to bring up a report on or before April 1. The time was afterwards, on the request of the Committee, extended to April 23. The Committee has taken voluminous evidence not only from the Indian Government delegation but from the Indians in South Africa and also from municipalities and other public bodies. At the time of writing it has not yet presented its report.

The action of the Government in agreeing to the appointment of a Select Committee before the second reading of their Bill undoubtedly gives an opportunity which, it may be hoped, will not be lost, for approaching this most difficult problem in a spirit of statesmanship and friendly co-operation. A share of the credit for this auspicious beginning must in fairness be accorded to the members of the delegation—Mr. G. R. Paddison of the Indian Civil Service, Sir Devaprasad Sarvadakari, the Hon. Syed Raza Ali and Mr. G. S. Bajpai. They have carried out their mission here with remarkable ability and unflinching tact and moderation in difficult circumstances.

South Africa.

April 22, 1926.

POSTSCRIPT

The day after the despatch of this article, Dr. Malan, the Minister of the Interior, put before the South African House of Assembly, the following formula, the terms of which have been agreed to by the Union Government and the deputation from the Government of India. It was approved with only one dissentient voice.—EDITOR.

The Government of the Union of South Africa and the Govern-

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ment of India have been further in communication with each other regarding the best method of arriving at an amicable solution of the Indian problem. The Government of the Union have impressed on the Government of India that public opinion in South Africa will not view with favour any settlement which does not hold out a reasonable prospect of safeguarding the maintenance of Western standards of life by just, legitimate means. The Government of India are prepared to assist in exploring all possible methods of settling the Asiatic question, and have offered to enter into conference with the Union Government for the purpose. Any proposals that the conference might make would be subject to confirmation by the Governments of the two countries. The Union Government has accepted the offer of the Government of India, and in order to ensure that the conference should meet under the best auspices has decided, subject to the approval of the Select Committee and Parliament, not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill until the results of the conference are available.

NEW ZEALAND

I. THE POLITICAL SITUATION

WHEN Mr. Coates was chosen by the Reform party to be its leader and Prime Minister, he refused to undertake the reconstruction of the Cabinet until his authority had been assured by a mandate from the country. That mandate was given in generous measure in November last, and as no announcement of Cabinet changes had been made up to the end of the year, the advent of the New Year was marked by a lively public interest in the question and much speculation. It was known beforehand that there would be vacancies to fill on account of the retirement of Sir Heaton Rhodes (Defence), Sir Francis Bell (Attorney-General and External Affairs), and Mr. D. H. Guthrie (Minister without portfolio). There was also the vacancy caused by the death of Mr. Massey, and it was generally expected that at least one or two of the remaining Ministers would make way for others. The Prime Minister announced on January 15 that the following new appointments to the Cabinet had been made, namely :

Mr. O. J. Hawken, Minister of Agriculture; Mr. F. J. Rolleston, Minister of Justice and Minister of Defence; and Mr. J. A. Young, Minister of Health. Sir Francis Bell was to retain his seat in the Executive Council without portfolio, Mr. Downie Stewart, already Minister of Customs, Industries and Commerce, succeeding him as Attorney-General; and the portfolio of Finance was to be trans-

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ferred to Mr. W. Downie Stewart as from the end of the current financial year, Mr. W. Nosworthy continuing to administer the Treasury in the meantime. Existing Ministers, in so far as they were not affected by the foregoing changes, were to retain their offices. This meant the retention in the Cabinet, for the time being at least, of all existing Ministers.

These changes have been received with approval, qualified by the understanding, based upon the Prime Minister's announcement, that they represent only a first instalment of reconstruction. The personnel of the new Ministry has created no surprise. Mr. Hawken is qualified by knowledge and sympathy to administer agricultural affairs; Mr. Young has shown in various public offices, and in a long parliamentary career, a painstaking thoroughness which will stand him in good stead in health administration; whilst Mr. Rolleston brings to the discharge of his new duties an ability which has made him conspicuous as a private member, though he has served as such for only one parliamentary term. In connection with the retirement of Sir Francis Bell, Mr. Coates made the following statement:

It is well known that the Right Hon. Sir Francis Bell has expressed his intention of retiring from Ministerial life, and his resignation of his office as Attorney-General will take effect at once, but he will retain the portfolio of External Affairs until his departure for Europe in March next, when he will leave to act as New Zealand's representative at the Assembly of the League of Nations at Geneva. This, perhaps, is not the proper occasion to refer at length to the conspicuous public service Sir Francis Bell has rendered to the Dominion, but I can say that the high position occupied by him for so many years in the Government will indeed be hard to fill.

The announcement contained the following important statement about the Prime Minister's position in the Cabinet:

I am of opinion that the Prime Minister should not be burdened with a mass of administrative detail connected with State Depart-

The Political Situation

ments, but should rather be available to render his Ministers assistance in discussing and deciding suitable organisation and staff to give proper effect to policy decisions.

I take this opportunity to announce that whilst I am retaining Public Works for the present, a change in the Ministerial control of this Department is contemplated shortly. I hope to be in a position to advise further appointments early in the year.

Since assuming the leadership of the Government last year I have become increasingly impressed with the manifold activities and almost unlimited scope of the work attaching to the office of Prime Minister, involving, as they do, very heavy demands on time and attention. In our democratic community the Prime Minister is called upon, perforce, to attend to a large amount of detail work which leaves him but little time to devote mature consideration to many important matters in the wider field of policy. The Prime Minister, in my opinion, should be relieved of much of this attention to detail in order that a great deal more of his time may be usefully employed in the general interests of the Dominion.

Moreover, the development of closer inter-Imperial relations, which may be said to have had birth in the Imperial War Cabinets and Conferences nine or ten years ago, is now increasing to such an extent that in the opinion of the Government the time has arrived when special provision should be made to deal with this highly important branch of our work. I am strongly of the opinion that all such matters should come under the jurisdiction of the Prime Minister, especially in view of the fact that he is the official representative of the Dominion at all Imperial Conferences, and in this capacity is the person who is invested with the requisite authority to speak on behalf of the Government and the country in the councils of the Empire.

It is only right to say that the staff of the Prime Minister's office, with limited personnel, has in the past efficiently carried on a tremendous volume of work, but I am convinced that the demands have now become too heavy to enable adequate consideration to be given to the many important questions which arise in the course of administration.

Therefore, with a view to a more effective organisation, I have decided to create a Prime Minister's Department under a permanent departmental head, and also to appoint to the staff of the new Department a special officer, whose duty will be chiefly confined to Imperial and external affairs arising in the course of the continuous process of communication and consultation which is now in force as between His Majesty's Government and the Dominions.

By this means a more complete system of co-ordination will be brought into practice in connection with our Imperial work. The

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additional expenditure involved in the creation of this Department need not be large, but it will be amply justified by increased efficiency and organisation.

Mr. F. D. Thomson, C.M.G., who has for many years held the position of chief private secretary to the Prime Minister, will be appointed permanent head of the new Department. The special officer to be appointed to the External Affairs Branch of the Department will be announced in due course.

In announcing the creation of this Department I would like to add a few words of a personal nature bearing upon the change. I do not wish the public to infer that I desire to isolate myself in any way or make myself inaccessible to members of the community who are desirous of seeing me; on the contrary, I shall continue to welcome such visits and to have the opportunity of mutual discussion of matters connected with the administration of the public affairs of our country.

What I do hope to achieve by the setting up of such an organisation (said the Prime Minister in conclusion) is a greater measure of efficiency in dealing with official matters, and more time to devote personally to promoting the well-being of all sections of our people. In saying this it must not be understood that the Prime Minister is the only responsible member of the Government, but experience has proved that very often there is a tendency on the part of persons to go over the heads of Ministers of the Crown in bringing various matters to the attention of the Prime Minister, resulting frequently in duplication and unnecessary delay in dealing with them.

Universal favour was accorded by the Press to this decision of Mr. Coates to free himself from multitudinous duties pertaining to several important portfolios, in order that he might exercise general supervision over policy, legislation and administration, and devote special attention to Imperial affairs. Whilst general regret is expressed that he is relinquishing the portfolio of Public Works, in which he first won his spurs, his wisdom in breaking away from the custom of his predecessors is recognised. As the matter was put by the *New Zealand Herald* on January 19:

He will endeavour to co-ordinate the work of his colleagues in their various capacities, will oversee the business of governing the country, will deal with the broader lines of policy, and will hold himself in readiness to handle any problems that may arise, bearing upon the

The High Commissionership

interests of the nation or of the Empire. The innovation makes for real statesmanship. Its introduction is of itself a statesmanlike move. It is in keeping with British precedent. During the war Mr. Lloyd George divested himself of all subsidiary duties, leaving himself free for the great task of national leadership. His successors have since followed his example. In Australia and Canada recently the Prime Minister has held but one portfolio—External Affairs in each instance. New Zealand will now fall into line. The change is intrinsically sound. It has long been due.

II. THE HIGH COMMISSIONERSHIP

THE appointment of Sir James Parr to succeed Sir James Allen as representative of this country in London has for some time past been more or less of an open secret, and the public were prepared for the official announcement made on February 24. Sir James Allen has worthily filled the office for the last six years, and even those who were formerly his political opponents are free to admit that he has carried out his various and exacting duties with exceptional zeal and ability. As was stated by *The Dominion* (Wellington) on February 25:

Apart from what may be called the routine duties of the High Commissionership, it has fallen to the lot of Sir James Allen to represent New Zealand on the Assembly of the League of Nations, to play a part of some importance in connection with the organisation of the Wembley Exhibition, and in addition to act in a new way as an intermediary between the Government he represents and that of Great Britain. It is the general verdict that in all these matters he has worthily upheld the credit of the Dominion and enhanced his own reputation.

Sir James Parr has many qualities which should stand him in good stead in assuming his new duties. He has had a legal training and long Ministerial experience, and has at all times exhibited a deep interest in Imperial affairs. There is, however, a note of reserve in the newspaper comments upon the appointment. After referring to

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the fact that the appointment follows precedent, being in the nature of a reward for the faithful discharge of Ministerial duty, *The New Zealand Herald* (a leading Government organ) of February 24 went on to say :

Since the Government has seen fit to maintain this tradition Sir James Parr's claims to consideration cannot well be gainsaid. Nevertheless, it is to be regretted that the Government's choice did not fall on someone more obviously qualified to discharge the multifarious duties of the office. It involves high diplomatic capacity, marked commercial ability, exclusive organising experience and particularly expert acquaintance with finance. Without in any way reflecting on Sir James Parr's qualifications for the portfolios he has held in the Cabinet, it may be said that he will probably find the duties of the High Commissionership extremely exacting. But he will carry with him, when he leaves to undertake these duties, the good wishes of the Dominion for a successful career in his new rôle.

The future of the office of High Commissioner is a subject upon which there has been from time to time a good deal of discussion. The commercial side of the work has become of such importance that one suggestion is that it would be profitable to appoint a specially qualified trade Commissioner, leaving the High Commissioner free for what might be described as the political side of the work. The appointment by the Australian Government of a political liaison officer to the staff of its High Commissioner in London has added point to the suggestion ; but the general opinion appears to be that the existing system meets the case in so far as New Zealand is concerned. At all events it was on a recent occasion definitely stated by Mr. Coates that he could see no advantage in adding political power to the High Commissionership. The creation by Mr. Coates of a Prime Minister's Department, with a special officer whose duties will be confined chiefly to Imperial and external affairs, is undoubtedly an important step in inter-Imperial consultation, so far as this Dominion is concerned. In the development of this Department it may be hoped that some permanent secre-

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tariat devoted to Imperial affairs will be evolved, and in any case it should be revealed whether a change in the method of representation in London is necessary.

III. IMMIGRATION

THE subject of Empire migration has in recent months been prominently before the public, and definite movements are on foot in various quarters to supplement the efforts of the Government.

In these days when so many public statements are being made as to the necessity for special efforts to increase the volume of the stream of immigration into this country, it is important to state that there is and has long been throughout New Zealand a strongly held (though more or less silent) body of opinion to the effect that we are very nearly reaching the limit of our capacity for absorption by existing methods. The rationale of such opinion is that the future prosperity of New Zealand, from the point of view both of wealth and the welfare of the people, lies in the steady development of her primary industries, which, of necessity, absorb numbers more slowly than would be the case if we were an industrial country. Whilst there has been in recent years a steady development of our secondary industries, there is a distinct limit to their scope, in view of the remoteness of New Zealand from great centres of population, and the consequent handicap imposed on such industries when thrown into competition with the markets of the world.

To those whose view of the immigration problem is influenced primarily by the prevailing conditions in the mother country on the one hand, and the apparently slow movement of population towards this Dominion on the other, it is well to point out that the common notion that the population of Australia and New Zealand is increasing slowly is not borne out by statistical facts.

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In an article on "Australian Population : Its Nature and Growth," by the Australian Commonwealth Statistician, Mr. Wickens, published in the first number of *The Economic Record* (the newly-established journal of the Economic Society of Australia and New Zealand), it is pointed out that :

Taking the forty years from 1881 to 1921, New Zealand occupied pride of place in rate of increase of population with 23 per thousand per annum, Australia ranking second with 22, the United States third with 19, and Canada fourth with 18. For the same period of forty years, Japan averaged 11 per thousand per annum, England and Wales 9, Scotland 7, and Sweden 7, while Ireland averaged a decrease of 3 per thousand per annum.

In an ably written article on "Mass Migration," contributed by Professor J. B. Condliffe, of Christchurch, to *The Evening Post* (Wellington), of March 1, 1926, the writer states :

It is an essential fact, from which all discussions of immigration ought to start, that the population of New Zealand is even now increasing faster than that of any other country in the world, and more than twice as fast as the bogey-land Japan. Even the unrestricted immigration of America and the free land grants and cheap passages of Canada have failed to increase the populations of those countries as fast as ours has been increasing for the past forty years. These forty years, it may be noted, include at their beginning ten of the worst years the Dominion ever saw, when population for a time actually declined, and exclude the previous immigration boom of the Vogel period—which was directly responsible for the subsequent decline. The rapidity of increase in the last thirty years is, therefore, convincing proof of the attractive power of our rich resources without undue State- or public-aided immigration.

He goes on to say that the remarkable steadiness of the increase of population over a period of forty years lends some point to the Commonwealth Statistician's suggestion that there is an immigration figure which represents "our average net power of absorbing immigrants," and that it might be well also to ponder over that official's further

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remark that Australia had in the past, like a boa constrictor, been in the habit of bolting its immigrants and then resting till it had digested them. "Such a process of alternate gorging and inertness," reflects Mr. Wickens, "does not seem the most desirable way to organise the development of the country."

The burden of Professor Condliffe's article is that in considering our attitude towards mass immigration schemes based mainly upon sentiment and borrowed money, it is essential to appeal to the hard economic and historical facts of the situation. There was no reason to doubt the general premises of the argument for immigration into New Zealand. The great need at the present time was that we should accept the facts of the world's markets and set about the adjustment of our costs of production to a lower level of values. What Britain needed from us most of all was a steadily growing volume of high quality raw material and foodstuffs at lower prices, which would enable her sorely handicapped export industries to compete on better terms with their rivals in world markets. Provided that these domestic and temporary difficulties of ours were faced in a sensible way, the Dominion could absorb, as she had been doing, a steady and substantial stream of well selected immigrants. But it was essential to realise, in the words of the Commonwealth Statistician, that :

As an organism we can satisfactorily grow only by absorption, not mere accretion, and in any measure taken to stimulate the growth much more attention needs to be devoted to the nature of this wonderful organism than is usually paid by those whose main advice is to "get large quick."

Professor Condliffe proceeds to refer to the costly failure of the group settlement scheme in Western Australia, in spite of the advantage of large loan moneys under the Empire Settlement Act, 1922, and states that many students of economics are likely to agree with Professor

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Shaun (Professor of Economics at Perth) who, in an article published in the first number of *The Economic Record*, draws the conclusion that this latest of many failures in group settlement is due not only to errors in administration, but to a more fundamental cause, viz., "the attempt to do by mass action on the initiative of the State what has previously been done by individuals." Professor Condliffe concludes his article with the statement that there was a good deal to be said for the New Zealand Government's hesitation to commit itself beyond its proper function, which was to organise and administer our own Dominion so that it would continue to be the prosperous and happy country that has in the past forty years been able to attract immigrants of their own volition in fine quality and sufficient numbers to give it the highest rate of increase among the populations of the world.

An indication of the attitude of the Government upon the question of settling immigrants upon the land was given by the Minister of Lands (Mr. A. D. McLeod) in replying to a recent deputation asking for Government assistance in placing young men from overseas on farms in the North.* The Minister stated definitely that he would not give preference to immigrants over New Zealand-born persons in connection with land settlement. He had, he said, investigated the Imperial Government's immigration scheme, but so far had not been able to see much daylight through the proposals. The New Zealand Government had been criticised for not making more use of the maximum amount of £500 provided by the British Government for overseas settlement of each individual immigrant. Considering that the Government had just completed a scheme for settling 10,000 returned soldiers, he was not prepared to give place to any immigrant as likely to be more competent in farming land. There was little prospect of settling immigrants at a cost of £500 each, taking into

* See *The Evening Post*, February 13, 1926.

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account their knowledge of the conditions in New Zealand. A man could not be put on a comparatively small section and given anything like a start under £1,000 or £1,200. Western Australia found that its scheme worked out in somewhat the same way there. For the 4,000 men whom the West Australian Government took under the scheme, the latest figure showed that settlement cost £2,250 a man. The Imperial authorities only found £500 of that, and over 50 per cent. of the farms taken over were subsequently abandoned, when the men went into the towns. The most successful form of settlement had always been made by people who came to New Zealand, worked for wages, saved a little money, and then took up land for themselves.

The foregoing utterance on the part of the Minister of Lands was commented upon by *The New Zealand Herald*, February 15, 1926, as follows :

With the anxiety shown by Mr. McLeod to supply first the wants of New Zealanders seeking land there can be nothing but sympathy. This should be the first anxiety of his Department ; but it cannot be the limit of its labours. Surely it cannot be maintained that a country like this, with its manifold attractions and advantages, can be made a close preserve for the comparative handful of people occupying it. In any event, does the Minister really mean to say, as he implies, that the Flock House scheme and the system of bringing boys from the English public schools are wholly futile ? That is the logical sequel of what he has said ; and it must be remembered these two processes are in active operation. He cannot seriously believe that New Zealand has nothing to offer Britain where the outward pressure of a swollen population is being felt more and more every day.

It may be said quite definitely in this important matter that public opinion is in accord with the general principle that this country should do its utmost to assist the motherland, and at the same time share in the mutual benefits accruing from a closer settlement of the Dominion. The practical application of the principle is not, however, an easy matter. In this country there is no cheap land in the

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sense of land which may readily be turned to profitable account. Capital on a large scale is required to deal in a comprehensive manner with the development of those lands which are at present rendered unattractive to the settler by reason of their poor quality and isolation. If the mother country in its own interests, and the interests of its industries, is desirous of stimulating migration to New Zealand, here is an opportunity for some of its industrial leaders to invest capital in the development of our waste lands. Once that development takes place, there should be no lack of immigrants in its wake. The question of capital lies at the root of the problem, experience showing that migration has always been largely influenced by the flow of capital to the country to which the immigrant is making his way.

IV. WHEAT PRODUCTION AND PRICE CONTROL

UNDER this heading an historical summary of the transactions of the Government in relation to the wheat supplies of the Dominion since the year 1914 has already appeared in these pages.* Reference was then made to the division of public opinion about the action of the Government, one section maintaining that it was fully justified as a way of protecting and ensuring the people's bread supply and keeping down the price of bread, whilst another section was equally insistent that the supply would have been maintained and the price to the consumer kept even lower, had the Government not interfered. Reference was also made to the desire of the Government, after the cessation of the flour subsidies in 1923, to withdraw from the control of wheat and the prices of wheat products, and to the fact that for various reasons it had so far found itself unable to withdraw. It had, indeed, in respect of the

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1925-26 season, responded once more to the agitation of the growers and the millers for protection. That protection, as embodied in an arrangement made in May 1925, took the following form, namely: that the millers were to pay for all wheat sown in 1925 and harvested in 1925-26 at fixed prices (averaging 6s. 7d. per bushel), any surplus offered over milling requirements to be purchased by the millers at the same price; that flour was to remain at £18 per ton, bran and pollard to be reduced to £7 and £8 per ton respectively; that wheat growers were to sow an area of wheat calculated to provide for the whole of the Dominion's requirements; that the duty on wheat would remain at the then existing figure, and importation would not be interfered with; that if necessary, to protect the millers in 1926, an embargo would be placed on the importation of flour; that the price of bread was not to be increased.

Interesting developments have since taken place. In December 1925 an announcement was made by the recently appointed Minister of Agriculture, Mr. O. J. Hawken, that, at the request of a meeting of representatives of wheat growers and others that same month, the Government had agreed to control the marketing of the approaching wheat harvest and to import the necessary additional supplies from overseas—this action following upon the already mentioned agreement between growers and millers of May 1925. On January 19, 1926, a conference of the Canterbury wheat growers was held at which resolutions were passed requesting the Government to grant a market free of control for this season, and to impose an extra duty of £1 per ton on imported flour. The resolution in favour of a free market gave as a reason the refusal of the Government to extend the control beyond the present season. On January 21, 1926, an announcement of the Government's decision to abandon control was made by the Minister of Agriculture in the following terms, *inter alia*:

For various reasons the meeting of growers on December 3 decided

* THE ROUND TABLE, No. 60, September 1925, p. 850-56.

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that the most satisfactory method of carrying out the spirit of this tentative agreement (*i.e.*, the agreement of May 1925) would be by means of Government control, and their request for control was made accordingly. The meeting also asked that Government should take control for a subsequent period of three years, and suggested that the price for the first of such three years should be on the basis of 7s. per bushel for Tuscan wheat. No indication was given that the request for control of the approaching harvest was dependent upon control being agreed to for subsequent years. At a later date, however, when it was made clear that the Government would not agree to a continuance of control, growers expressed a desire to rescind the decision in favour of control at the suggested prices for this year and have, in view of the world market levels, sought free market conditions. A meeting of growers was held on January 19 at Ashburton, and they have now cancelled their request of December 3, and have asked for a free market with duties imposed on importations.

The Government has not sought control, and it decided upon such action only at the request of the parties. Such request now having been cancelled, the Government has agreed to abandon control and to allow the market to take its own course behind the protection of the tariff, which, however, may at a later date require to be adjusted or modified as may be found necessary.

The action necessarily taken by Government in preparation for the institution of control will be cancelled, and Orders-in-Council prohibiting the importation of wheat and wheat products and prohibiting private dealing in the new season's wheat will be revoked at an early date.

Following upon this decision on the part of the Government, the clash of interests among those concerned in the price of wheat immediately became evident. From the point of view of the millers, it was urged that under free market conditions they would be unable to compete with Australian flour if the existing duty on wheat were imposed, and if no increased protection were given by an increase in the duty on flour; and furthermore, that if the milling industry were forced to cease operations, the supply of bran and pollard would be insecure, and any importations would necessarily be at very high prices. From the point of view of the poultrymen, strong objection would be raised to the payment of the existing duty on wheat, which would

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necessarily be imported in considerable quantities into the North Island.

On February 4, 1926, prominence was given to the following proposals submitted by the president of the Millers' Association to the Dominion Executive of the New Zealand Farmers' Union for the solution of the wheat difficulty:

- (1) To make New Zealand wheat prices the average of 7s. 3d. f.o.b. (this would mean an increase in the price of flour of say £2 1s. per ton, or the equivalent of 1d. per four pound loaf).
- (2) The Government to import the balance of wheat required, and distribute duty free on certain lines indicated.
- (3) A Government control to be instituted, with an embargo on flour.

The proposals also included a suggestion that the Government should set up a commission to go into the whole question and this suggestion was supported by the Dominion Executive of the Farmers' Union.

The proposals made by the president of the Millers' Association were strongly criticised in an official statement issued by the Labour party, in which the whole wheat position was carefully examined in its relation to the consumer, with the object of showing that the proposals made would have the effect of passing on to the general public the burden of added profits to the millers and bakers. The statement also charged the growers with breaking the spirit and the letter of the agreement of May 1925, the foundation of which was that a sufficient area should be sown to meet the Dominion's requirements of eight million bushels, whereas the area actually sown gave rise to a shortage of between three and four million bushels. It was alleged that with knowledge of such shortage, and of the fact that there was a short crop in Australia, the growers pressed for a free market so as to reap the advantage of high prices.

The policy of the Government was announced on February 23, 1926, by the intimation that the duty on wheat

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of 1s. 2½d. per bushel (2s. per cental) was to remain, together with the duty of £3 on flour and £1 on bran and pollard. In addition, permits would be granted for the importation of fowl wheat under supervision free of duty until next harvest. The Government in thus leaning towards the interests of the grower states that

it is desirable in the interests of the country generally that every encouragement should be given to ensure wheat being grown and that all over the world each country is tending more and more to absorb its own wheat production and it is becoming increasingly dangerous for a country like New Zealand to be dependent even partially on oversea supplies.

The situation as it stands is not acceptable to the millers, but the Government is standing firm on its present policy, which is to give the growers every encouragement to increase production, though the anomaly remains that in spite of such encouragement they are failing to grow sufficient for the country's requirements. The result of the free market does not appear to have been entirely satisfactory from the point of view of the growers, the latest indications being that the millers are steadily refusing to pay their prices. Incidentally, the present position is viewed with satisfaction by the poultrymen, who at the annual conference of their Association held on March 5, 1926, placed on record their "appreciation and congratulations to the Minister of Agriculture on the attitude he had taken up over the wheat question."

What the result of the existing contest between the millers and the growers will be upon the policy of the Government it is difficult to say. The milling interests are for the time being suffering a reverse, and their position is not improved by the fact that the Crown was successful towards the end of last year in its appeal against the decision of the Supreme Court in the proceedings taken by the Crown for the recovery of penalties under the Commercial

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Trusts Act 1910.* An interesting position now exists relative to such proceedings. The Court of Appeal† reversed the decision of the Supreme Court by a majority of three judges to two, which means that three Supreme Court judges have pronounced in favour of the Crown's case and three against. An appeal to the Privy Council by the milling interests is now pending.

New Zealand. March 30, 1926.

* THE ROUND TABLE, No. 60, September 1925, p. 855.

† *New Zealand Law Reports*, 1925, p. 753.

THE IMPERIAL COMPLEX

I. THE CONSTITUTIONAL PROBLEM

DURING the past six months there has been a great deal of debate in all portions of the Empire about the future of the Commonwealth, and especially about the relations of its self-governing members towards one another in their dealings with international affairs. This has been partly due to the realisation that some of the main assumptions about the British Commonwealth, which were current during the war and afterwards, had broken down, and partly to the fact that an Imperial Conference was due to assemble this autumn at which the constitutional problems caused by this breakdown were likely to come up for consideration. An extremely interesting summary of that debate as it has gone on in the Dominions, and especially in Canada, where the question has, perhaps, been most actively canvassed, written by a traveller who has recently visited Canada, Australia and New Zealand, appears in another part of this review, under the title, "Locarno and the British Commonwealth." It is an article which deserves the consideration of all students of the problems of the modern British Empire.

The upshot of six months' debate, so it seems to us, is a definite and most welcome clearing of the air. On the one side, it has become plain that the majority sentiment in all parts of the British Commonwealth is as convinced as it ever was during or before the war that the Common-

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wealth is an organism which is valuable to the nations and peoples of which it is composed, that it is a factor for peace, order and freedom in the world, and that it would benefit neither its members nor the world that it should be dissolved. Indeed it is evident that any attempt to dissolve it would probably lead to civil war. On the other side, it has become no less plain that each of the self-governing nations within it takes it for granted that it is its own Parliament alone which decides what action, if any, it will take in the international problems with which the Empire has to deal. Opinion in Canada and South Africa differs a good deal from opinion in Australia and New Zealand in the degree to which it is willing to commit itself to support the foreign policy of the British Government, especially in Europe, but there is no difference about the fundamental point that the six Parliaments of the Commonwealth are the only authorities which can effectively speak for or bind the six nations which elect them.

The practical problem of the Empire to-day is how to reconcile these two fundamentals, unity and responsibility, in the conduct of foreign affairs.

The difficulty of the present-day situation is largely due to the fact that the assumption which has governed the conduct of foreign affairs since the appearance of the Imperial War Cabinet in 1917—namely, that it was possible for the six self-governing nations of the Empire to consult together sufficiently continuously and sufficiently effectively to formulate a common policy for dealing with foreign affairs, and to make themselves jointly responsible for such a common policy—has broken down. The system worked triumphantly at the Washington Conference on the Pacific and naval disarmament. It began to weaken at Chanak. It was badly strained at Lausanne. It was only maintained by a fiction during the London Conference on Reparations. It disappeared altogether at Locarno. The theory of joint responsibility for a joint diplomacy having thus gradually failed, no clear-cut and easily under-

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standable alternative has been accepted and put in its place. The malaise of the last year or so in inter-Imperial relations, the deadlock in devising any intelligible or effective system of inter-Imperial communications, is due not to any real difference about the foreign policy to be pursued, but mainly to the fact that nobody quite knows where they are. It is one of the first tasks of the Imperial Conference to remove the uncertainty and define a new basis for the conduct of the foreign policy of the Empire which will conform to the facts and make harmonious and confident relations between its parts once more possible.

What is the root of our present-day difficulty? It is well defined in the article already referred to as "the dislike of definite committal." That, in our judgment, represents the exact position. It is a perfectly natural dislike. Canada, which is menaced by no external militarist danger and whose chief foreign interest is the maintenance of world peace, and South Africa, which is also free from direct external menace and is preoccupied with the colour problems of the centre and south of the African continent, instinctively and naturally dislike any system of inter-Imperial relations which seems to commit them to entanglement in what Sir Wilfrid Laurier used to call "the vortex of European militarism," even though they generally approve of the efforts of Great Britain to maintain the peace in Europe. They are interested in the League of Nations, and they are concerned with the independence and security of all parts of the Commonwealth, but their first instinct is to avoid definite commitment of any kind in Europe. The attitude of Australia and New Zealand in foreign policy is somewhat different. They are much more obviously dependent for their security on the British navy. They are, therefore, much more ready to back British policy in Europe for the reason that they want the backing of the British navy for their policy of a white Australasia in the Pacific. The attitude of Ireland is still obscure. Geographically part of Europe, her external policy is still

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largely dominated by the ultra-nationalist philosophy of the Sinn Fein era. Looked at as a group, all the Dominions want to escape from the burden of constant international responsibility, in order that they may concentrate on the development of their own empty spaces. Great Britain, already a fully peopled land, and endowed with immense possessions which she has to manage and protect, has no similar feeling. The predominant feeling overseas is not that any unit wants to break up the Commonwealth. It is that they do not wish to be involved in responsibility for the day-to-day conduct of international affairs, or to be actively involved in them, except when world problems of the first importance are to the front, or when the vital interests of the Empire or one of its nations are in jeopardy.

This limited commitment, however, is not so easy to secure as might at first sight appear, for the British Commonwealth is a world-wide structure and cannot help being affected by events in every part of the globe. World peace, too, cannot be achieved merely by keeping out of entanglements, but only by dealing with world problems effectively while they are still malleable and soluble. Moreover, under international law and in the view of all foreign nations, the Commonwealth is a single international entity. It is presided over by a single sovereign, and it goes to war and makes peace as a unit, even though, as at Versailles, for internal reasons, it requires to be represented at Conferences by an embarrassingly large number of plenipotentiaries. Yet that means that when Great Britain, in pursuance of her policy or her treaty obligations in Europe or elsewhere, goes to war, her partner nations are *ipso facto* placed in a condition of belligerency also. They may take no active part in the war, but under international law they have the status of belligerents with all the liabilities and obligations that that status implies. It is equally true that if the King on the advice of one of his Dominion Governments went to war, Great Britain and the rest of the Empire would also be at war. Yet, if the foreign policy of the Empire

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is no longer to be regarded as one to which its six nations have jointly agreed and for which they are jointly responsible, this means that Great Britain—or any Dominion—in pursuit of her own external policy can commit her partners to belligerency without their consent—a state of affairs inconsistent with the doctrine of responsibility.

At one time it was suggested that the dilemma might be solved by arranging for a formal notification to be made to all foreign nations that a declaration of war by Great Britain did not commit the Dominions to belligerency, and that no self-governing portion of the Empire would be in a state of war except as a result of a declaration to that effect by its own Government. On examination, however, this solution proved to be no solution, because it was seen to involve the dissolution of the Commonwealth itself. In order to make it effective it would be necessary in the event of war for any part of the Empire which wished to escape belligerency to make a declaration of neutrality. This would mean that it would have to intern any British soldiers or officials who happened to be within its borders, it would have to refuse its harbours and ports to British vessels of war, it would have to give trade facilities to the enemy and allow it to use its territory for legitimate purposes of espionage, propaganda, and so on. Inasmuch as it is obviously impossible for the Crown to be both at war and at peace or neutral at the same time, a declaration of neutrality would in fact be a declaration of secession, with all the consequences, constitutional and otherwise, that that would entail. British citizenship, with all that it means for travel and business in all parts of the world, would disappear. It is obvious that under existing circumstances there is no way out along this line, for the sentiment of Imperial unity is strong enough to forbid it.

What, then, is to be done? There would seem, for the present, to be only one practical course, and that is to face the facts as disclosed above and to act upon the practical conclusions which derive from those facts. The

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solution thus arrived at may be illogical and anomalous, but that is no novelty in the British Commonwealth, nor has want of logic or theory destroyed its working utility in the past.

The central fact is that the theory of a single foreign policy for the Empire, jointly arrived at and jointly backed, has broken down because the external relations of the Empire and its member States are too diverse to be forced within so narrow a system, except when a single supreme issue, like that of the great war, absorbs the attention of every part. It seems obvious that a distinction must be drawn between external problems which are of local concern and external problems which are of Imperial concern. It is perfectly clear that Canada, Australia, South Africa and New Zealand regard the problems of Europe—indeed of the outside world as a whole—as primarily Great Britain's concern. Most of the time these problems present no aspect which vitally affects the other nations of the Empire. But at times they may assume a form when they become of vital importance to one or more of them. Australia and New Zealand, and to a less extent Canada, are actively interested in Pacific questions. South Africa is actively interested in all that goes on in the neighbouring territories. The security of Australia, New Zealand and South Africa depends upon the British navy. All parts are deeply concerned with freedom of communications by sea, for their trade depends upon it. All parts are concerned with war anywhere because war may always develop into world war. Whenever any of these issues come to the front, or when Anglo-American relations are involved, the Dominions will certainly demand an effective voice in the foreign policy of the Empire. But at other times they seem to regard the day-to-day dealing with the multifarious problems of Europe, Asia, the Near East and South America as primarily Great Britain's business. They think that she has the experience to enable her to handle these problems. They know that she has the equipment for dealing with

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them. Their main desire seems to be that she should continue to conduct foreign policy on her own responsibility up to the time when some of the special interests set forth above become involved, when they would require that joint consultation and joint action should follow.

On the other hand, it is no less clear that the Dominions will increasingly demand for themselves an equivalent liberty of action in those regions of international politics in which they are specially concerned but the rest of the Empire is not. They increasingly resent the interference of the British Foreign Office in such matters, and are increasingly insistent on conducting their own diplomatic negotiations. Canada already deals with Washington direct, as does South Africa with Portugal.

It seems to us that this affords a practicable basis for the conduct of the foreign relations of the Empire under present conditions. It was described in the last issue of *THE ROUND TABLE* * as follows :—

The reasonable basis of association is surely that the nations of the Empire should recognise that they are equally concerned with world problems, with problems which may end in general war, and with problems which concern the vital interests of any member of the Commonwealth or the Commonwealth as a whole. With such problems they ought to deal collectively and with joint responsibility. Local international problems might be dealt with by each member nation on its own, informing its fellows of what is going on, but not expecting them to share responsibility until they are called in to share in the direction of policy also.

Great Britain in particular should conduct the complicated diplomacy, in which she is necessarily involved by reason of her propinquity to Europe and her far-flung possessions in all parts of the world, on her own responsibility, informing her associate nations of all that is going on, but not expecting them to accept or countersign her actions until their interests are directly concerned.

* *THE ROUND TABLE*, No. 63, June 1926, p. 474.

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The foregoing basis accords very closely with the developments of the past few years. The greater number of the common international interests of the British Commonwealth are also the concern of the League of Nations, of which each major part of the Empire is a member, and in whose deliberations they already tend to act as a unit. The problems of the navy and of the Pacific were dealt with by a fully fledged British Empire Delegation at Washington. The problems of Europe and China have been increasingly dealt with by Great Britain alone. Canada has taken the management of her North American interests into her own hands.

This system, too, not only accords with the facts of the present-day world and reconciles the unity of the Commonwealth with the responsibility of the nations within it as completely as is practicable, it accords almost exactly with the resolution of the 1923 Imperial Conference about the treaty-making power. That resolution reads as follows:—

“The Conference recommends for the acceptance of the Governments of the Empire represented that the following procedure should be observed in the negotiation, signature and ratification of international agreements.

“The word ‘treaty’ is used in the sense of an agreement which, in accordance with the normal practice of diplomacy, would take the form of a treaty between heads of states signed by plenipotentiaries provided with full powers issued by the heads of the states and authorising the holders to conclude a treaty.

1. *Negotiation.*

“(a) It is desirable that no treaty should be negotiated by any of the Governments of the Empire without due consideration of its possible effect on other parts of the Empire, or, if circumstances so demand, on the Empire as a whole.

“(b) Before negotiations are opened with the intention of concluding a treaty, steps should be taken to ensure that any of the other Governments of the Empire likely to be interested are informed, so that, if any such Government considers that its interests would be affected, it may have an opportunity of expressing its views or, when its interests are intimately involved, of participating in the negotiations.

“(c) In all cases where more than one of the Governments of the

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Empire participate in the negotiations, there should be the fullest possible exchange of views between those Governments before and during the negotiations. In the case of treaties negotiated at International Conferences where there is a British Empire Delegation on which, in accordance with the now established practice, the Dominions and India are separately represented, such representation should also be utilised to attain this object.

“(d) Steps should be taken to ensure that those Governments of the Empire whose representatives are not participating in the negotiations should during their progress be kept informed in regard to any points arising in which they may be interested.

2. *Signature.*

“(a) Bilateral treaties imposing obligations on one part of the Empire only should be signed by a representative of the Government of that part. The full power issued to such representative should indicate the part of the Empire in respect of which the obligations are to be undertaken, and the preamble and text of the treaty should be so worded as to make its scope clear.

“(b) Where a bilateral treaty imposes obligations on more than one part of the Empire, the treaty should be signed by one or more plenipotentiaries on behalf of all the Governments concerned.

“(c) As regards treaties negotiated at International Conferences, the existing practice of signature by plenipotentiaries on behalf of all the Governments of the Empire represented at the Conference should be continued, and the full powers should be in the form employed at Paris and Washington.

3. *Ratification.*

“The existing practice in connection with the ratification of treaties should be maintained.”

i.e., “(a) The ratification of treaties imposing obligations on one part of the Empire is effected at the instance of the Government of that part;

“(b) The ratification of treaties imposing obligations on more than one part of the Empire is effected after consultation between the Governments of those parts of the Empire concerned. It is for each Government to decide whether Parliamentary approval or legislation is required before desire for or concurrence in ratification is intimated by that Government.”

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II. IMPERIAL CONSULTATION

IT is surely possible, if the conduct of foreign policy is placed upon the basis set forth above, to get rid of the deadlock which now prevents the creation of an intelligible and efficient system of inter-Imperial consultation. The present preposterous practice of maintaining in London Dominion High Commissioners who are practically debarred from diplomatic activities and concerned mainly with commercial business, and of keeping in the Dominion capitals Governors-General who are practically barred from being effective channels of communication because they have more and more come to discharge purely constitutional functions, results in a system of Imperial inter-communication which is far less efficient than that which is universal between foreign countries. That we persist with this system of make-believe is mainly due to that dislike of definite committal to which reference has already been made. So long as the theory of joint responsibility for foreign policy held the field it was not unnatural that the Dominion Governments should try to escape from its consequences by a system which enabled them to plead ignorance and that the British Foreign Office should try to secure that freedom for prompt action which is essential to good diplomacy by backing a system in which it could plead that there was no effective means of obtaining Dominion consent, as the justification for its going ahead on its own.

But once the theory of joint responsibility is replaced by a system in which, while the imparting of information is continuous as it is to-day, consultation in the official sense of the word only begins where liability to war, sea-communications, or the vital interests of the Commonwealth as a whole or of any two or more of its members are concerned, the inhibition against placing inter-Imperial

Locarno Again

communications on at least as efficient a basis as communications with foreign Powers ought surely to disappear. It ought to be possible to give to the High Commissioners a diplomatic relation to the Foreign Office, in addition to their relation to the Dominions Office, analogous to that occupied by the ambassadors of first class Powers. It ought also to be possible for the Dominion Governments to begin to build up that diplomatic service of their own, in association with the existing world-wide British diplomatic service, which would enable them to obtain direct information from agents of their own about those international matters which are of special interest to themselves. The problem of the Governor-General is discussed in a later section. Certainly there is no more important work before the Imperial Conference than to place the machinery of communication between the different parts of the Empire and between those parts and the outside world on some more practical and intelligent basis than it rests on to-day.

III. LOCARNO AGAIN

THE foregoing pages, however, bring into relief the objections to the Locarno treaty which have been noted in earlier numbers of this review. The Locarno treaty involves Great Britain in a definite obligation to go to war in certain eventualities. The Locarno obligations go beyond and are more precise than those contained in the Covenant of the League of Nations or the Treaty of Versailles which were signed by the whole Empire. Yet the Locarno treaty was signed by Great Britain without consultation with or the consent of her partner States, who are indeed, under Article 9, specifically absolved from its obligations unless they voluntarily assume them for themselves.

For the purpose of this article it is not necessary to discuss again the arguments for and against the Locarno treaty.

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This review supported ratification of the treaty because it considered the evils of ratification to be less than the evils of rejection in the condition of Europe as it existed last December. But it is essential that the practice whereby one part of the Empire assumes an obligation to go to war without first obtaining the consent of its partner States should not be repeated. If the unity of the Commonwealth is to survive it will only be because it is able to act together about those vital world problems which involve the risk of world war. That does not mean that every treaty such as that of Locarno should necessarily be approved by all the Parliaments of the Empire before it is ratified, though that is highly desirable, for such formal approval would be very difficult to obtain and would be tantamount to the assumption of an obligation to co-operate actively in war-like action to enforce the treaty, which is a different question. But it does mean that no part of the Empire ought in future to enter into any obligation involving the liability to war unless it has the formal answer of the other parts as to whether they consent to its doing so. So vital a step should never be undertaken unless it has been made perfectly clear whether the other parts are willing to accept the consequence of formal, though not active, belligerency, which its signature may involve.

There is another aspect of Locarno. Speaking in July last, Viscount Grey of Fallodon said apropos of that treaty,

I would like it to be understood clearly that there are only two things in the future for which this country (Great Britain) will fight. One is if we are actually attacked, and the other is that we would fight to uphold the settlement of disputes peacefully and not by war. In other words, if we went to war at all under the Locarno treaties or anything else, it would not be to defend a particular frontier, it would not be to help a particular country, it would be simply to stand up for the principles of the Covenant of the League of Nations.

These are very significant words. Lord Grey's statement hardly seems to be consistent with the legal meaning

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of the Locarno treaty, but it is a powerful reinforcement to the criticism which has been directed against the Locarno treaty in this review on the ground that it involved Great Britain far more deeply in the internal politics of Europe than seemed to be generally understood, that it was inconsistent with the permanent realities of the European situation, and that it contained no provision whereby it could be revised or terminated at a later date. The Locarno treaty will come before the Imperial Conference for its consideration. We trust that the Dominion Prime Ministers will make it clear to the British Government that while they raise no objection to its coming into force if Germany enters the League of Nations next September, they hope that it will not form a precedent for the future, and that some of its features will be modified in the sense of Lord Grey's speech, in agreement with the other signatories, as soon as circumstances permit.

IV. THE POSITION OF THE GOVERNOR-GENERAL

OF late there has been a good deal of discussion of the position of the Governor-General. This has been partly because of the controversy over recent actions by the Governor in New South Wales and of the Governor-General in Canada, and partly because the tendency in recent years to make the holders of these offices confine themselves more and more to purely constitutional functions and to act less and less as intermediaries between their Governments and Downing Street, has still further atrophied the mechanism of inter-Imperial communications. We do not propose to offer any opinions as to the soundness or otherwise of the course adopted by Sir Dudley de Chair and Lord Byng, for a correct judgment must depend upon a more intimate knowledge of the local circumstances than we ourselves possess. But there are one or two larger aspects of the problem which are worthy of consideration

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and which may be at least informally discussed at the Imperial Conference.

There has been a tendency of recent years, the natural outcome of the changing relations between Downing Street and Ottawa, Melbourne, Pretoria and Wellington, and of the rise of national spirit overseas as a result of the war, to lose sight of the great importance of the constitutional function which the official head of the State or his deputy performs under the British Parliamentary system. It has been the fashion to regard the Governor-General—and also quite generally the King—as a mere figurehead discharging purely social or non-political functions, and the office as one which can appropriately be filled by persons who have no political experience and no training in constitutional practice. This, we feel, is a profound mistake.

The British Parliamentary system cannot work without a responsible person discharging the functions of the Crown. Quite apart from the more formal and official side of his work as head of the State, the King or the Governor-General is from time to time called upon to discharge political functions of the first importance. He is, in fact, the only bulwark which exists for protecting the people against an abuse of power by their elected representatives in the Cabinet or Parliament. It is sometimes urged that the function of the Governor-General—or the King—is invariably to act upon the advice of his Ministers until they tender their resignation, when he comes forward and, acting on the advice of the outgoing Prime Minister, invites some other party leader to form a Government, continuing to act upon the advice of those whom he consults until a lawful Government has once more been constituted. That is a complete misapprehension of the constitutional position. The head of the State is obliged to act upon the advice of his Ministers on all ordinary occasions, but he is no less constitutionally bound to reject it on others. For instance, supposing a Cabinet and a majority of the legislature presented for the signature of

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the King or the Governor-General a Bill prolonging indefinitely the life of Parliament and therefore their own term of power, the head of the State, except in some crisis such as a war, would certainly be bound to refuse to sign it and so to compel a dissolution to enable the people to pass judgment upon a matter so vital to themselves. Or again, supposing a Government, which had appealed to the people at a general election and had come back in a minority, refused to meet Parliament and asked for a dissolution either to secure a longer period in office or in the hopes of reversing the decision, the King or the Governor-General would certainly be bound to refuse it until the will of the new Parliament just elected by the people had been ascertained in the normal way.

These instances are sufficient to show that the person who occupies the throne or the office of Governor-General may be called upon to decide issues of the most momentous kind. There are, of course, a large number of border line cases. The most difficult problem, perhaps, is that of determining the point at which it becomes the constitutional duty of the head of the State to insist that the ability of Parliament to create and maintain a Ministry should be exhausted before yielding to the request of a Ministry possessed of no stable majority, that the nation should be put to the trouble and expense of a dissolution. The answer would vary according to the local circumstances at the time. It is not possible to formulate an absolute rule. We are only to-day concerned to point out that at times the head of the State must act on his own responsibility, that usually these times are moments of crisis, and therefore that the holder of the office ought to be a person of ripe political or constitutional judgment and experience.

The real difficulty at the moment, however, is not the powers of the Governor-General but the method by which he is appointed. There would probably be little dispute about the powers he should exercise if it were not that the question of his powers is mixed up with the problems arising

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out of the changing status of the Dominions and with his position as the representative of the Imperial connection. The fact that the appointment is made from London—though in agreement with the Government of the Dominion—and that he is the representative of the British Government in the Dominion (though with greatly reduced political functions) tends to make the exercise of his legitimate powers look like an interference with Dominion autonomy. The practice that the Governor-General should exercise his constitutional functions on his own responsibility and not on instruction from Downing Street—a practice which seems now to have been recognised by the Dominions Office as normal—has tended to simplify the situation, but it has not removed the root of the difficulty—the fact that technically and in fact the major responsibility for the appointment lies with the British Government.

It is, however, extraordinarily difficult to see how the present system can be altered. It is essential that the individual who fills the extremely important office of head of the State—for that is what it amounts to—should be a person not only of real constitutional competence, but manifestly so far removed from the party politics of the country over which he presides that the community will have confidence in his impartiality and his detachment from personal or partisan influences. The method of appointment to this high office presents difficulties in all countries. Speaking broadly, there are two possible methods. The first is the British system whereby the head of the State is selected—as in Great Britain—by the principle of heredity reinforced by a long and powerful constitutional tradition, or—as in the Dominions—by agreement between the British Government and the Dominion Government concerned from among persons who have had experience of public life in Great Britain but no direct connection with the Dominion in question. The second method is for the head of the State to be selected for a specified term by some special process such as election by

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the two Houses sitting together, as in France, or direct election by the people—as in the United States and Germany. Both systems seem to work, though it would mean a revolutionary constitutional and Imperial change to introduce the foreign system inside the British Empire. But both systems have the same characteristic that the appointment is made by some special procedure outside the ordinary routine of the political life of the community. It seems perfectly clear that the problem of the Governor-General could not be solved by arranging that he should be appointed, whether from residents in Great Britain or from residents in the Dominions, by the nomination of the party in power whenever a vacancy occurred. However admirable the appointment might be, the fact that he was the nominee of a party Government would inevitably bring the office into party controversy. Whatever the system of appointment, it must be one which results in the selection of a person who is competent, who is outside or above local party politics, and who is able to claim and exercise the peculiar authority which is inseparable from the office of head of the State.

It is quite clear, therefore, that the problem of modifying the existing Governor-General system is a much more formidable one than has sometimes been realised, even from the narrowly constitutional point of view. It becomes still more complicated when one adds to it the fact that either the Governor-General must be made once more an effective channel of communication and information between the Dominion Government and the British Government or, if he is to be confined in future to his purely constitutional duties, that some other official must be appointed with a diplomatic status in the Dominion capitals to perform duties analogous to those which ought to be exercised by the High Commissioners in London.

The Story Told by the Figures

I. THE STORY TOLD BY THE FIGURES

POST-WAR TENDENCIES IN EMPIRE TRADE

ON the eve of another Imperial Conference it may not be unprofitable to look at some of the recent tendencies of trade within the Commonwealth. Whatever political views one may happen to hold, it is becoming more and more widely accepted that the future strength and prosperity of the United Kingdom are closely bound up with the expansion of its commerce with the Dominions. It is hardly less true that ultimately their development equally depends almost without exception on the maintenance of the financial and commercial power of the British Isles. The opposition to any sort of Imperial economic system, which before the war was fanned to a fanatical intensity by the fury of party strife, has now been almost reduced to a cold calculation of expediency. The Labour party itself has openly expressed its preference for importing food stuffs, raw material and manufactures from countries where labour enjoys good wages and conditions, as is certainly the case in the Dominions, and would probably consider any proposal on its merits which tended to increase employment without raising the cost of working-class living. The whole question of our trade relations with the Dominions is, in fact, entering a more dispassionate phase which permits of its frank and objective discussion.

FORTUNATELY, we are well equipped for such a discussion by the *Survey of Overseas Markets* issued by the Balfour Committee on Industry and Trade,* the most comprehensive and careful study of the world's trade movements since the war that any country has so far produced and one to which far too little public attention has been paid in England. It contains a complete analysis of British and foreign trade for the post-war period and a series of tables, which enable their principal features to be readily understood by anyone who cares to give them sufficient study. It is to this illuminating report that this article is indebted for most of its facts and figures.

The first point which strikes the eye is at once consoling and surprising, namely, that Great Britain's share of the world's export trade was larger in 1923 than in 1913, having advanced from 13·02 per cent. to 14·03 per cent. At the same time, it must be noted in passing that the United States' share has waxed during the same decade in a degree four times greater—from 12·47 per cent. to 16·88 per cent. In nominal value our exports in 1923, a poor year, actually exceeded those of 1913, a very good year, by £218,200,000. This rosy picture loses a good deal of its first glamour, however, on closer analysis. The general rise in prices has meant that the same values now represent considerably smaller quantities of merchandise, and in order to arrive at a true comparison with 1913 the average values of that year must be applied to the post-war period. This the Committee have done with the aid of the Board of Trade, and they arrive at the conclusion that our exports for 1923, instead of being largely in excess of those of ten years ago, actually only represented 79, and

* Published by H.M. Stationery Office, 1925.

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the exports for 1924, 80 per cent.* of their value. Still, when it is observed that in 1919 they only represented 54·9 per cent. of the 1913 figure and that two years later they had fallen so low as 49·8 per cent., the achievement in 1923 and 1924 is a sure indication of the steady recovery of British trade. Again, however, it must be noticed that against a drop of about 20 per cent. in our "real" exports must be set a rise of nearly 20 per cent. in those of the United States, and *if manufactures alone are taken into account, a rise of 48 per cent.* On the whole, things may not be as bad as they seemed to most people; but it would be a mistake to rush to the opposite extreme and assume that they are as good as they ought to be. It must be borne in mind that for the Great Britain of to-day even the export trade of 1913 is no longer adequate. In spite of the losses of the war we have a population larger by about two millions to maintain, and because of the debt and other charges resulting from the war we need a larger national income to meet them. Only 80 per cent. of our pre-war trade means hundreds of thousands out of work and a crushing burden of taxation. We are suffering acutely from both those evils, and, what is worse, both of them are a heavy drag on our further recovery, because they suck up money which would otherwise be used to accelerate the machinery of commerce. A general survey of the field, then, justifies an anxious and qualified optimism, but nothing more.

The figures of the percentage of British exports show that the distribution of our trade has shifted surprisingly little since the war.

	1913.	1924.
Europe	34·0	31·0
U.S.A.	5·5	6·6
South America	9·4	7·3
Self-governing Dominions (excluding Irish Free State) ..	17·5	17·7
India	13·3	11·3
Colonies and Possessions ..	6·2	6·6

* The figures in the comparative table on page 638 are 74·5 and 75·5. The reasons for the increase here are given on page 4 of the Balfour Report which deals with the rise in quality of our exports.

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It might have been expected that there would be a marked decrease in our commerce with Europe with its uncertain currencies and general impoverishment, and a corresponding increase of trade with the American continent and the Dominions, which were stable, prosperous, and relatively little affected by the war. Such an expectation might be further encouraged by the fact that Germany, our greatest competitor in many overseas markets, was practically out of the running. Yet the contrary is the case. If Russia be omitted from Europe, the European percentage was almost precisely the same in 1924 as in 1913 (30·52 as against 30·57). In the case of the Dominions and colonies the increase is very small,* while in the case of South America there is a marked falling off. Only in the case of the United States is there an increase, due no doubt to her willingness and ability to buy high priced goods in spite of a towering tariff, but the 1923 figure is about the average for the four years before the war, so that little importance can be attached to the rise in comparison with 1913. For the same reason the decrease in the case of India is also negligible.

It is clear, then, that although in nominal values our trade has increased with the Dominions, as indeed with all parts of the world, it has not shown any marked tendency to run more strongly in Imperial channels.

But in order to obtain a true and complete view, it is necessary to look at our trade not only from the British but also from the Dominion standpoint. It is not enough to register the fact that the percentage of our export trade

* In many statistical statements the increase is apt to appear larger than is really the case, because exports to the Irish Free State have since 1923 been included as overseas exports in contrast to the pre-war practice. If the Irish Free State be omitted, the percentage of United Kingdom exports to the Empire is as follows (Balfour Report p. 641):—

1913 ..	37·3	1923 ..	37·2
1922 ..	37·6	1924 ..	38·5

The post-war average is slightly higher than the average for the five years before the war, but the difference is not substantial.

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to the Dominions as a whole is somewhat greater than before the war. It must also be asked what percentage of the Dominions' imports is derived from the Mother Country. Their imports have greatly increased, and it may be that while fully maintaining the proportion of our exports to the Dominions, we may none the less be losing ground in their markets. To get a comprehensive idea of the real situation, therefore, a comparison must be made between the percentage of imports received by each of the Dominions from Great Britain before and since the war, to which may be added a comparison with our principal competitor, the United States. The result is shown in the following table, which shows the percentage of imports received by them from the United Kingdom and the United States respectively.

			UNITED KINGDOM.		UNITED STATES.	
			1913-14.	1923-24.	1913-14.	1923-24.
Canada	..	..	20.7	17.2	65.0	67.3
Australia	..	..	52.4	45.2	13.9	24.6
New Zealand	..	..	51.5	47.8	11.6	16.0
			(1922-23)		(1922-23)	
South Africa	..	..	54.4	52.1	9.5	12.9
India	..	..	64.2	60.2	2.6	5.6

The effect of this table is not altogether reassuring. It demonstrates beyond dispute that our share of the trade in the Dominion markets has appreciably diminished since the war, while that of the United States has swollen, often in a more than corresponding measure. In other words, the latter has obtained a far greater share of the "new" trade than we have.

To depreciate the significance of these figures two objections may be made. It may be suggested that during the war a large part of our trade inevitably fell to the United States owing to our inability to supply the Dominions as in ordinary times, but that we are now recovering our position. Secondly, it may be urged that the United States furnishes many categories of goods, prin-

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cipally food stuffs and raw materials, in which we cannot compete, and that this accounts for her remarkable progress. There is some measure of truth in both these objections; but a careful analysis of the statistics seems to show that they do not invalidate to any important extent the general conclusion that our trade with the Dominions is dwindling in comparison with that of the United States.

If we look at Australia, for instance, and confine our view to competitive imports only, we find that, although the American proportion fell in 1921 and 1922 as compared with the two previous years, it rose once more in 1924 above the level of 1920 (20.6, as against 18.5), while in values also American exports nearly regained the 1920 figure (21.6 million, as against 22.4).^{*} Again, in the case of Canada, although we have regained a good deal of our trade in textile goods and boots and shoes, America has outstripped us in most other classes of manufactured goods.[†] It is perhaps particularly unfortunate that we have lost ground most noticeably in metals, metal manufactures and machinery—trades which have suffered severely from unemployment in this country. That this should be so in Canada with the enormous American metal industry at her doors and many branches of it on her own territory was to be expected; but it is disquieting to find that in Australia our proportion of this trade has fallen from 64.1 per cent. in 1913 and 57.5 in 1921 to 51.0 in 1924, while that of the United States has risen from 17.6 in 1913 to 28.6 in 1921 and to 36.5 in 1924.[‡] In South Africa the United States have also strengthened their position in these goods, and to a lesser degree in New Zealand and India. It is no doubt true that America has frequently stepped into Germany's place and that her advance does not necessarily denote any considerable

^{*} *Australian Official Year Book*, 1925, pp. 250-1.

[†] *Balfour Report*, pp. 315-6.

[‡] *Australian Official Year Book*, 1925, p. 251.

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British regress. But it has also to be remembered that Germany is rapidly restoring her exporting power, and will make a determined bid to regain her lost ground as a matter of mere self-preservation. British manufacturers will therefore have to meet even fiercer competition in the next few years, and as the Balfour Committee more than once emphasises, cannot hope to hold their own unless they make every effort to adapt themselves to the new conditions.

There is yet another aspect of the situation which may legitimately suggest some misgivings. It is a common complaint that the stagnation of British trade is largely due to two factors—the indiscriminate erection of tariff-walls and the attempt of new countries to build up their own industries at the expense of ours. This complaint has been made with some apparent justification against the Dominions; but before accepting it at its face value, it is as well to look at the facts.

As regards tariffs, it is certainly true that all the Dominions have shown strong protectionist inclinations since the war. The Balfour Committee comments on “the remarkable fact that the main increases of tariff rates on British exports have been within the British Empire, where the average *ad valorem* incidence has risen by nearly two-thirds, while in foreign countries, despite the great increase in the United States’ tariff, the average *ad valorem* incidence has decreased by one-fifth.” The imposition of higher duties, however, has been more than offset by an increase of the preference accorded to British goods, particularly in Australia, Canada and New Zealand. The Committee state that “broadly speaking, in 1914 the preferential tariffs of the Dominions were on an average lower than their general tariffs by about 4 per cent. *ad valorem*. At the present time this preferential advantage has on the average been increased to 9 per cent. *ad valorem*.” The net result, therefore, is decidedly in favour of the British manufacturer as against his foreign competitors. As far

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as the new tariffs are concerned, it should have been easier for him to increase his percentage of the Dominion trade than for his American rivals, who have to surmount the full height of the new barriers. The fact that in spite of this advantage British exports have not succeeded in maintaining their share of the Dominion markets is a matter of some concern, but not one for which the Dominions can fairly be reproached. It prompts one to ask what would be the present position had the Dominions granted no preferences.

A good deal has also been made of the development of home industries in India and the Dominions, but here again it is as well to avoid rash assumptions. In the case of India the growth of steel and cotton production will no doubt affect our markets in some particular classes of goods. The same is true of the strenuous attempts which are being made to foster the woollen and metal industries in Australia, and of the rapid industrial progress of Canada. But none of these new initiatives has had the effect of reducing the importation of manufactured goods by these countries. On the contrary, their importation, generally speaking, has shown a steady and in some cases a rapid expansion. Within certain limits the development of their own resources by the Dominions must make them more able and anxious to purchase manufactured articles abroad as their needs and their capacity to fulfil them multiply. This is especially true of India, the poorest of all the Dominions. It is only by the growth of her national wealth that her millions can improve their standard of comfort, and so become buyers of goods with which we could supply them, but which are at present beyond their reach. Even in respect of textiles the Committee foreshadows a compensation of this kind. “The largest consumers of British textiles are the upper and shop-keeping classes of the towns and villages, the rural population being clothed mainly in the cloths woven in the Bombay mills. Our textile industry must look for its

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expansion principally to a higher standard of living among the urban population, which will largely depend upon an expansion of Indian industries and commerce." No doubt such developments will mean considerable transformations and transpositions of labour in our own industry; but in the long run there is no reason why British traders should be the losers, provided that the desire to foster certain home industries is not exalted into a false doctrine of self-sufficiency, and "provided always," as the Balfour Committee says, "that their methods and organisation are sufficiently flexible to be capable of adaptation to new and varying conditions and opportunities."

II. THE MAIN CONCLUSIONS

AT this point we may attempt to sum up the main conclusions which the foregoing analysis of the situation appears to indicate. Although our export trade as a whole has maintained its relative position in the world's markets, it only carries 80 per cent. of its pre-war value. Moreover, its expansion, both absolute and relative, has been much less rapid than that of the United States since the war, despite the absence of fully developed German competition. The proportion of our exports destined for the Dominions has not substantially increased, while the proportion of their imports which the Dominions derive from Great Britain has sensibly declined. On the other hand, the American proportion has sensibly augmented. Moreover, American competition is increasingly manifest in the case of manufactured articles, as is shown by the significant growth of exports in these classes by as much as 48 per cent. as compared with 1913. It is not true that British manufacturers have been appreciably handicapped owing to Dominion tariffs or the growth of Dominion home industries. The American manufacturer has had to overcome both these obstacles and is, moreover,

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at a disadvantage owing to the additional preference given to British goods.

There is one further fact which merits attention. Just as British exports to the Dominions constitute a more or less constant proportion of our total exports but a diminishing proportion of Dominion imports, so it appears that our exports to the Continent, while still constituting about 30 per cent. of the total as before the war, represent an increasing proportion of continental imports. Excluding Spain, Portugal, Russia and the Baltic States, the ratio of British imports to the Continent was 216 in 1923 as against 196 in 1913.* The inference from these figures seems to be that the Continent is looking more to Great Britain for its imports than before the war, while the Dominions are looking more in other directions. In other words, we have been more successful in regaining and even improving our European position than in fully recovering our position in Dominion markets. What is true of the Dominions is also true of South America, where our share of the import trade has also shrunk, though less perhaps than might have been expected.† A variety of explanations suggest themselves. The greater proximity of most overseas markets to the United States and their greater isolation from Great Britain during the war no doubt made them more accessible to American merchants than to those of Europe. In addition, however, it may be wondered whether our goods are not better adapted on the whole to European needs because they are designed for conditions closely resembling our own. For the same reason certain American products probably find a readier market in the new countries, where conditions are more akin to those familiar to Americans than to any that may be found in Europe. Whatever may be the explanation, the fact is important. It proves once again the intimacy of the commercial ties which connect us with Europe and the

* *Balfour Report*, p. 658.

† See *Balfour Report*, p. 661.

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present impossibility of replacing our continental trade by "trade within the Empire" on existing lines. It is not certain, however, that Europe will remain so favourable a market. Germany has re-entered the field and will reconquer many of the neighbouring markets which she has lost. If, in addition, the tendency towards the creation of European trusts and cartels develops, Great Britain will either have to draw closer to Europe by entering them or find compensation elsewhere for the losses which her exclusion would entail.

It would be foolish to attempt to draw too far-reaching conclusions from the trade figures for five troubled and abnormal years; but they appear to exhibit certain tendencies so definite that to ignore them would be as unwise as to regard them as immutable facts. It may indeed be that we shall completely recover our pre-war position in the Dominions in the course of the next decade, but when the chances of our ousting America from the ground she has won are weighed dispassionately, they do not appear to be particularly bright. This island is overpopulated with over 43 million people; the United States underpopulated with 115 millions. Our debt per head is £174 2s.; that of the United States £42 6s. Our taxation per head amounts to £20 1s., American taxation to £13 12s. Of our national income 22·1 per cent. goes in taxation, of the American national income 10·5 per cent.* These are heavy handicaps, quite apart from the huge national resources and the vast home market which are the basis of American industrial prosperity. Again, the fact cannot be overlooked that trade breeds trade, as our own experience has frequently taught us. The Balfour Committee points out that "the enormous financial strength of the United States and the gradual attainment of control over industrial enterprises overseas gave United States trade a much stronger position than before the war in certain markets."

* See "Taxable Capacity and the Burden of Taxation," by G. Findlay Shirras, *Journal of the Royal Statistical Society*, vol. 88, Part IV (July, 1925).

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The tremendous extension of American capital in Canada furnishes a very pertinent illustration. Between 1900 and 1920 the aggregate capital investment in Canadian industries expanded from about 450 million dollars to 3,400 millions. Of this latter amount 24·5 per cent. were held by American investors, 9·6 by British, the remainder by Canadians, and it is significant that the major part of the interest in certain important industries such as copper-smelting, automobiles, paint and varnish and chemicals, is controlled by the United States.

On the other hand, the potential resources of the British Empire far exceed those of the United States. They are capable in time of diffusing a vastly greater measure of well-being throughout the Empire, and indeed throughout the world at large, than we have yet considered possible. A casual perusal of the reports of the Trade Commissioners indicates the unlimited mineral and other riches in almost every part of it which still remain practically untouched. We need an Imperial economic policy.

The aim of such a policy should be the development of the Empire's resources. But it should not be based on restrictions intended to keep the dependent Empire as a preserve for our own peoples. Such an attempt would be worse than folly. The development we contemplate would be in the interest of every part of the Empire, but it would also be in the interest of the rest of the world. Such a policy—and it needs the assistance of some central body—would give every help and encouragement to capital whether it comes from inside or outside the Empire. The United States, for instance, is becoming more and more industrialised and therefore more and more dependent upon the importation of tropical raw materials from beyond her own borders. A policy of exclusion or discouragement in our vast tropical dependencies would force Americans to look elsewhere, possibly to build up their own independent sources for the supply of rubber, hemp, oils, fibre, copra, and so on in the Philippines, and other

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territories under their own influence and control. Even attempts at governmental control of output of the kind that recently caused so much ill-feeling across the Atlantic in the case of rubber should be avoided. There was a good immediate reason for it, but it was bound in the long run to prove a mistake. Government interference with freedom of trade almost invariably produces political reactions which immensely outweigh any possible economic good.

Again, the campaign for colonies in Germany and to a less extent in Italy is largely due to the belief in those countries that colonies are necessary, in order to give them the secure supplies of raw material, as well as the market which their expanding industries require. The certainty that in the British Empire at all events the door would remain open to those in need of raw materials should go far to meet their fears. Other States with tropical possessions may themselves later follow our lead and adopt a liberal colonial policy when the extent, to which the future prospects of peace are bound up with this question of raw materials, is more clearly realised. Every industrial nation if it cannot count upon an assured supply of these will strive to reach a state of self-sufficiency in that respect, and, with the world arranged as it is, that in the end means war.

Development, moreover, needs all the capital that can be got wherever it comes from, and as regards our own position it must not be forgotten that an immense change has taken place of recent years. Before the war the United States invested practically nothing abroad and Great Britain about £200 million a year. To-day the United States' foreign investments reach that figure, but our own have dropped to half of what they were. It is directly to our interest to attract this outside capital to the British Empire, for a far larger proportion of the money received for the sale of our raw materials will go to purchase British goods than if it had been spent in foreign countries, like Brazil or Sumatra. It is obvious that the collection and dissemination of accurate information will be a particularly

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important function of such a central body as is referred to above.

The side of Imperial development, which involves the question of preference and tariff arrangements between the self-governing nations of the Commonwealth, was fully discussed in our March issue,* and a way of discovering the methods best calculated to render co-operative effort effective suggested.

Nothing stands still in this world. The trade relations between the different parts of the Empire will either gain or lose in intensity; they will not remain stationary. If the Empire is worth preserving in the eyes of its component States, the stimulation of its trade with the whole world, but especially between its own component parts, is a vital interest to all of them. The United States as an economic power is already of continental rather than national magnitude. Her example will bring other combinations between national industries into existence, some of which are already beginning to appear. Unless the British peoples are to fall behind in the race, the time is coming, if it is not already here, when they will have to review their economic position as a whole and seek a co-operative policy for promoting their combined power and the development of their common heritage.

* THE ROUND TABLE, No. 62, March 1926, pp. 243-254.

LOCARNO AND THE BRITISH COMMONWEALTH

AN IRRESPONSIBLE ESTIMATE

I. THE DISLIKE OF DEFINITE COMMITTAL

"Do you know your part?" asked the producer of the play.

"No," said the actor; "and I don't even know what part I'm going to play: but it will be all right on the night."

THAT is the sum of many conversations which the present writer has had and of many newspaper articles which he has read in three Dominions during the past six months. The emphasis varies with the citizenship of the speaker, but the substance of the conviction is the same in Australia, New Zealand and Canada. The subject, of course, is the share of the Dominions in the foreign policy of the whole British Commonwealth, with the eventual participation of each in the ultimate sanction of policy—namely, war. Only in one of these three Dominions has the question become of the potent issue which helps to make and unmake Governments; but it is becoming daily more alive in all of them; and the more lively it becomes, the larger loom its difficulties. That it is a live issue in South Africa, as well as in Canada, is surely self-evident; and if it were not so, the Flag Bill controversy and Mr. Meighen's Hamilton speech would quickly prove it. Canadians and South Africans actively and anxiously canvass the meaning of their relationship to Great Britain and require forthright declarations of policy from their public men: Australians more

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calmly—though "calm" is not the most appropriate word for the Australian temperament—assume that their Commonwealth may and will do as she pleases without previous commitment; while New Zealanders make no secret of their pride in the Empire and their intention to honour every obligation which that pride imposes. The most distant of the sister nations of the Commonwealth is, in fact, the nearest to us; while the nearest is the most deeply perplexed over the condition of the family, and has sometimes seemed the most restive of the whole family circle. THE ROUND TABLE of March 1926* reveals the nature and the cause of this factor in Canadian national sentiment.

So much, then, by way of personal introduction in the form of a generalisation which, like all its kind, is open to attack from all sides. It is set down here, not as the considered estimate of the official policy of any Dominion Government, but as the general though definite impression made on an open mind by the private talk of friendly folk overseas to whom the present writer is indebted for great hospitality and much enlightenment. The occasion of most of these conversations was the Pact of Locarno, which imposed definite European obligations on Great Britain and left each Dominion free to endorse or to repudiate them, or even to refrain from taking any action whatsoever. None of the Dominions has so far taken action; nor is it probable that any of them will make a definite pronouncement. They dislike definite committal, especially in a matter which appears to be of solely European concern; and they will always *incline* to repudiate an engagement made, of its own motion, by the British Government, even where in their hearts they believe that they would back England to the last cent and farthing if the engagement led to a great war. So Locarno will remain unratified.

It is true that one Dominion Government was reported, in a Press Association telegram dated London, February 25,

* THE ROUND TABLE, No. 62, March, 1926, p. 368.

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as contemplating ratification, but refrained from doing so when it was told that such action would embarrass another Dominion. The telegram concluded with the words that the conflict of opinion between the Dominions "was averted by the assurance that the whole question of the Empire's foreign policy, including the Locarno Pact, would be discussed at the Imperial Conference in October." This assurance served its purpose for the moment, but it only postponed a difficulty which cannot be surmounted at one Imperial Conference, or at ten, unless and until each Dominion has faced all the facts of its twofold existence, domestic and international. Parallel with the process by which the Dominions will come to face the facts, there must be a genuine appreciation in London of all that Dominion nationalism implies. Equal status within the British Commonwealth has been won for all. Equal responsibility, which is manifestly the concomitant of equal status, is not yet in sight; and therefore complete co-operation in Imperial diplomacy is, as yet, not practical politics. None the less, we are committed by our very existence as a Commonwealth of Nations to a common purpose. We do not and will not contemplate the shipwreck of our common purpose merely because we have allowed the ship to drift from her true course.

Let us see how far we have drifted. Before the war we all spoke of the Empire as an indissoluble alliance of free and equal nations under one Sovereign. Paris and the League of Nations set the seal of international recognition on our equality. Four years later Lord Curzon and Lausanne made it appear that Downing Street was entitled, on occasion, to speak for the whole Empire; but the appearance was not the reality, and the theory of our unity and equality suffered somewhat. Finally, Article nine* of the Pact of Locarno revealed our unity, not "in

* Article nine reads as follows: "The present treaty shall impose no obligation upon any of the British Dominions, or upon India, unless the Government of such Dominion, or of India, signifies its acceptance thereof."

The Dislike of Definite Committal

ruins," as the Canadian correspondent of the *New Statesman* would have us believe, but as conditional! Conditional, on what? The best answer to that teasing query is: "On the belief that it will be all right on the night." But what will be the scene on which the curtain rises "on the night"? No one can tell: though Great Britain knows that *she* is pledged to what will practically be a League of Nations war if the Pact of Locarno is violated. Now, it is possible to argue that Locarno is not the League, and that Sir Austen Chamberlain's signature is only an instance of the signing of one of those "bilateral treaties imposing obligations on one part of the Empire only" for which the resolution of the Imperial Conference, 1923, provides. That is a palatable argument for domestic consumption, say, in Canada; but it is our old friend the ostrich, none the less, for it ignores the fact that when the King is at war, all his subjects are belligerents. Moreover, the plea for irresponsibility may not remain valid for long, even as a domestic device. Locarno is bound up with Germany's entry into the League; and when Germany becomes a member the guarantees of Locarno may possibly become a general instead of a particular obligation in the same, or in a different, form. In such a case—it is put forward not as a certainty, but as an important consideration—what becomes of Article nine?

The answer is to be found in the words used to the present writer by an ardent Canadian nationalist who thinks that in the discussion of Imperial relations we attach too much importance to the possibility of war. "I do not foresee," he says, "a major war in which England will be concerned which will not be a League of Nations war as well, in which case we shall be doubly called upon to take part in it." *Doubly!* The admission in that word ought to close the controversy; but since we know that the controversy will continue, let us explore its origins in a conversation between Socrates Viator and his friends overseas.

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II. SOCRATES VIATOR AND HIS FRIENDS OVERSEAS

"I OFTEN wonder," said S.V., "what the British Empire is."
"Don't say Empire," said the First Voice in reply, "say Commonwealth."

"Ah! I beg your pardon. I am a European and I use the word Empire with some affection for its associations; but I applaud your correction, for it is the beginning of the answer to my question. What, then, is the British Commonwealth?"

"It is the greatest alliance of free peoples the world has ever seen," said the Second Voice.

"Then it is composed of *different* peoples," said S.V.

"Yes and No. They are different, yet the same."

"*Civis Romanus sum*, they used to say in Europe: something like that, is it?"

"Yes," said the First Voice, "but each people rules itself, under one King."

"Under one King! Then they must all think alike, else must His Majesty be a house divided against itself," objected S.V.

"We do not all think alike," said the First Voice, "we . . ."

"Yes we do, in the last resort," interrupted the Second Voice.

"Nonsense!" thundered the First Voice. "Why when Winston . . ."

"Never mind Winston. Aren't we all in it?" insisted the Second Voice. . . .

The duet in discord continued for a while, until Socrates Viator intervened once more.

"Tell me," said S.V., "what is that 'last resort' you speak of?"

"Loyalty: patriotism: war," said the Second Voice.

"Loyalty to the Commonwealth, he means, not necessarily to the British Government," explained the First Voice.

"But," and here S.V. scratched his head, "I understood that you were all *British*: then why are you not all necessarily loyal to the *British* Government?"

"He's got you there," laughed the Second Voice.

"Not a bit of it," said the First Voice. "If he can't understand what democracy is in the Dominions, he oughtn't to be loose in the world, making trouble with his ridiculous questions."

"Willingly," said Socrates, "would I be shut up; for you have

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given me much to think about. But, before we part, answer me this: If your last resort is war, do you all go to war together?"

"Yes," said the Second Voice.

"Hold on: not so fast," said the First. "It isn't a case of one at war, all at war."

"Very curious," said Socrates; "then the King can be at war and in peace at the same moment."

"No, he can't," said the Second Voice.

"Yes, he can," said the First.

"How?" enquired Socrates Viator, with a smiling eye fixed on the First.

"He has been before, and he will be again. Wars in India, perhaps even in Europe."

"He's thinking of Locarno," said the Second Voice.

"What is Locarno?" asked Socrates.

"It's a pledge given by England, in the endeavour to prevent war, that, if one of the great frontiers of Europe is violated, she will strike the aggressor with all her might."

"An excellent undertaking," said Socrates, "do you not think so?"

"Well, yes, for England," said the First Voice; "but we haven't signed and we're not going to."

"So if England goes to war to resist this presumed aggressor, you will not assist her?" queried Socrates.

"In the last resort, of course we will," admitted the First Voice.

"What a curious place your last resort is, for in it you can be of two minds at once," said Socrates.

"We don't want to be committed, unless we've had as much say in the negotiation as any one else," said the First Voice.

"And yet, say or no say, you will still reach your 'last resort,'" said Socrates Viator in half-abstracted comment.

"Perhaps not," said the First Voice, contradicting himself.

"Then you will be neutral?" asked Socrates.

Silence.

"Let us suppose you *are* neutral. Will all the British nations overseas be neutral? What will you do, you, the man who now speaks to me, if you find yourself in England when the King goes to war? Or if you find yourself in the country of the enemy with all men speaking evil of your King. *Civis Romanus sum* was a proud word once full of meaning. But in that day *Civis Britannicus sum* will have no meaning."

Then the Second Voice came to the rescue by saying:—

"Socrates, you have taught us a lesson, and you've put him in an awful hole. But here's another side to the question."

"Can there be another side to the question," said Socrates, "when there is only one answer?"

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"You mean, either we stay in or get out," said the Second Voice.

"Surely," said Socrates.

"We're going to stay in, *but* on terms as nearly equal as our circumstances will allow."

"No," said the First Voice, "on absolutely equal terms, and damn the circumstances."

"What are equal terms?" enquired Socrates Viator.

"If we say to England that, in an equal Commonwealth, each part has as good a right as any other to commit the whole to war, and if England accepts that idea, we can then begin to create a new policy and a new instrument which will enable the British nations to speak with one voice."

"You mean," said Socrates, "that if all have an equal power to make the Empire go to war and if all are equally liable to war, then the real liability is lessened and war is less likely."

"More or less," said the Second Voice.

"But," continued Socrates, "that sounds like the thing in Europe which they call the League of Nations."

"The same principle in a rather different practice," said the Second Voice.

"Then all you have to do is to get together and remember that you differ as much from others as they differ from you."

"That's good," said the First Voice, "and it's true."

"And which is the more likely to forget it, you or England?" asked Socrates.

"Probably us," said the Second Voice ungrammatically.

Whereat Socrates Viator departed, knowing that he had learned much, and hoping that his friends overseas had learned that they had something still to learn.

III. THREE SCHOOLS OF THOUGHT

WHAT we have called the dislike of definite committal runs right through the train of thought revealed by this not wholly imaginary conversation. Combined with the somewhat sensitive nationalism of many British citizens overseas, it tends to colour their opinions with an ungrateful tinge which utterly misrepresents their true

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spirit. It is therefore difficult to disentangle, in the general utterance of the Dominions, that which is real and permanent from that which is merely expletive and protesting; and the difficulty will remain until the Dominions are quite sure that Mr. Amery, for instance, can (and will) walk out of Downing Street and see the world with the eyes of Melbourne or Ottawa, Pretoria, Wellington or St. John's, or, for that matter, Delhi. The Dominion nationalist insists, rightly, on his due because he does not yet believe that the "old country" will give him his due. There is truth in his claim, even if it be sometimes exaggerated in vociferation by the operation of an "inferiority complex"; and somehow, the sooner the better, Great Britain must find a way of convincing the rest of the Commonwealth that her belief in the equal status of all is no mere lip service.

Each of the Dominions has its schools of Imperial thought, some more articulate than others, but all animated by Dominion nationalism in varying degree. Henri Bourassa, the brilliant French Canadian nationalist, once said that "Canadian Liberals believe in the autonomy of the Dominion and the maintenance of the unity of the Empire, whereas Canadian Conservatives believe in the unity of the Empire and the preservation of the autonomy of the Dominions." It was a shrewd thrust; but this is no case of Tweedledum and Tweedledee, and the only criticism which one may make against Mr. Bourassa is that, to bring his epigram up to date, he must display Canada in three parts, not two. There are three distinct schools of thought in the Dominion of Canada, and since they represent elements which are to be found in all the Dominions, without exception but in greatly varying strength, we may halt for a moment to examine the trio.

In giving them names, it is necessary to avoid the use of party labels; and for the purpose of this argument we shall call them (1) The Nationalist School; (2) The Federalist School; (3) The Regionalist School. It cannot,

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therefore, be said that there is one definite Canadian attitude; nor can it be said that the lines of the political parties coincide with these three divisions. Mr. Arthur Meighen, the Prime Minister, for instance, appreciates the strength of the Nationalist argument better than some of his fellow Conservatives; and Mr. Bourassa will not always endorse the nationalism of the *Manitoba Free Press*.

The *Nationalist* School holds that, inasmuch as each Dominion is a full-powered commonwealth, national in function as well as in status, the British Commonwealth as a whole cannot be regarded as a diplomatic unit and cannot become a unit without the parliamentary federation of the Empire, which is plainly impracticable. There is a difference of interest which prevents Canada from seeing the world through Australian eyes, and sometimes makes it difficult for England to see the world through Canadian eyes. Great Britain has a thousand international interests where Canada has substantially only one. Canada has, therefore, no right to limit British freedom of action; and Britain has no right to impose on Canada a measure of responsibility for her European or Middle Eastern decisions. And if the question be asked, wherein does this differ from separatism? the Canadian Nationalist replies:

It is not separatism. It is proposed as an antidote to incipient separatism, and has already begun to find its way into the official records of Imperial Conferences. We admit that there is great difficulty in formulating and establishing this new theory of our relations, but it is clear that the only solution possible is one that is suggested in something more than bare outline by the declaration of the Imperial Conference of 1923 on the treaty-making powers of the British nations. That declaration recognises the right of each British nation to look after its own external affairs, subject to the necessity of keeping the other British nations informed, so that if it is a matter of more than single concern the other nations affected can come into the negotiations. That is to say, we each run our own show; but we co-operate when there is need for co-operation. To the criticism that this provides no solution in case of a conflict of interests, we reply that if our interests differ to a point beyond the possibility of statesmen co-operating with one

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another the Empire is bound to blow up anyway, no matter what the machinery is. We do not consider this an objection at all. It is, of course, true that the Empire is a unit in this important respect, that if the King is at war with another nation we are all, at least technically, at war. We observe that many people assume that only Great Britain can commit the rest of the Empire to war; therefore, they say, if Great Britain can commit us to war by her foreign policies we ought to insist upon a share in formulating them. But, in our view, Canada should be quite as free to pursue a policy committing the whole Empire to war as Great Britain is. The obligation and the risk should be reciprocal.

The *Federalist* School is no whit behind the Nationalist in its insistence on the national status of each Dominion, but it takes a different view of Imperial citizenship. It openly declares the principle of the unity of the Empire and demands a larger and more deliberate participation in the conduct of all Imperial foreign policy. These Federalists would probably welcome the conversion of the British Foreign Office into an Imperial Foreign Office which, acting as the executive instrument of the collective will of the whole Commonwealth, would determine all important questions of foreign relations. They hold a modified creed of Imperial Federation; and, because they are the most convinced believers in the doctrine that "it will be all right on the night," they wish to see each actor in the play taking his proper part in all the rehearsals.

The *Regionalist* School is, in appearance, a school of compromise. It is Horse Sense seeking to reconcile two opposing sentiments. It has been described by one friendly critic as "Nationalist in domestic affairs, Imperialist in matters of common Imperial interest, and Isolationist in questions of a purely European character." To the members of this school, nationalism in domestic affairs includes freedom of action in foreign affairs of a local character—"domestic affairs" in Canada, for instance, being held to include the bulk (not the whole) of her relations with the United States of America as well as the internal concerns of the Canadian Dominion. The doctrines of

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the Regionalists are not yet fully articulated ; and, indeed, the Regionalists themselves would appear to be reluctant to proclaim any body of dogma, preferring rather to work out the salvation of the whole Commonwealth by common sense infused with the spirit of Imperial co-operation. They take from the Federalist school its emphasis on Imperial citizenship, but they seek to limit its expression by an attempt to define what is Imperial and what is local. They welcome the resolution of 1923 and find in the first two articles of *THE ROUND TABLE* of June 1926 much that reflects their own state of mind.

Now, these three schools of thought cover practically the whole field of Canadian political opinion ; but, since they are of comparatively recent growth, the lines which are here drawn between them, for the sake of argument, are not so clear in fact as they are on paper. Even on paper they overlap in places. And in contemporary Canadian discussion they cross and recross one another so frequently that some public men could not easily say to which school they themselves belong. There is thus an element of uncertainty which explains not only the reluctance of the Canadian Government to make any public reference to Article nine of the Pact of Locarno,* but the absence of a definite official lead on the whole problem of Imperial affairs. The treaty-making power of the Dominion † has been exercised more than once, since Sir Robert Borden secured the independent position of all the Dominions in Paris and in the League of Nations, in a manner which suggests that the Canadian Government is a pupil in the Regionalist School ; but no one who has recently taken soundings in Canadian political waters can fail to observe the strength of nationalism, though he may not necessarily

* There are many Canadians who would say that there is no uncertainty about the Canadian attitude to Locarno !

† A well-documented article on this subject appears in the *Michigan Law Review* of January 1926 (University of Michigan, Ann Arbor, Michigan, U.S.A.), over the signature of Professor C. D. Allin, professor of Political Science in the University of Minnesota.

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conclude that every Canadian nationalist would subscribe to the whole doctrine of the Nationalist School *sans phrase*.

The geographical distribution of these groups deserves a word of description, for it may help to account for the lopsided quality of much Canadian discussion of foreign relations. The Nationalist School has one wing in Quebec and one in the western prairie ; the Quebec wing being French-Canadian, and therefore not open to the purely sentimental appeal which has, or had, such potency in Ontario ; the prairie wing being in part intensely English (or Scots), and therefore composed of individualistic and independent people, in part American through periodic migration northwards, and in part non-British European. No purely British plea can sway a population so composed ; it must be a Canadian plea. As one of these prairie Nationalists said the other day :

Canada is not a compact country occupied by a homogeneous people. It is a huge sprawling mass . . . with diverse economic interests, and all Europe is represented in its population. There is need for a common denominator for all the divergencies of race and for all the conflicts of sectional interest ; Canadian Nationalists see in a robust sense of nationality the only attainable bond of this character.

On the other hand, the Federalist School belongs to Ontario and British Columbia ; and the Regionalists are to be found in every province. The three schools can only come into contact in the House of Commons or in the columns of any newspaper or journal which has an effective circulation from the Atlantic to the Pacific. Now, the House, as we have seen, is not the best arena of debate for this purpose, because the motive for reticence is too strong to permit either the Government or the alternative Government (*i.e.*, the Opposition) to speak their minds with perfect candour. Moreover, there are few journals which circulate widely enough to cover the country ; so that the instruments of national discussion are compara-

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tively few. It is true that the *Toronto Star* flies in Ontario the same flag that Mr. Dafoe hoists in Winnipeg over the printing presses of the *Manitoba Free Press*; true also that there is a body of "Imperialists" even in Winnipeg strong enough to return a member of the Federalist School to the House as M.P. for South Winnipeg; but these phenomena do not make either nationalism or federalism a truly *national* type of thought. No: powerful as nationalism is, it is not the national policy of Canada, nor is it the nation-wide sentiment yet. Nor, in view of the practical appeal of the Regionalist School, will it ever be the dictator of policy. It is no very unsafe hazard in prediction to say that, as time goes on, nationalism will be the motive force to propel a Canadian foreign policy which will be Regionalist in inspiration and in form.

For the present, Canadian policy is indeterminate, and must remain so until discussion ripens the immature thought of the Dominion to fruition. And the discussion now proceeding with animation is all to the good. Every incident that occurs aids the process, though we do not want any to go quite as far as Chanak, nor will they! The case of *Nadau v. Rex*, almost now become a *cause célèbre*, gave rise to a lively little war of pens; the *Toronto Star*, the *Manitoba Free Press*, and Sir Clifford Sifton on one side; the *Toronto Globe*, the *Montreal Star* and *Gazette*, and Professor G. M. Wrong on the other. The Winnipeg paper said that anyone who could accept the judgment of the Privy Council in this case could "felicitate himself upon the possession of a first-class specimen of a Crown Colony mind"—a remark which we must reckon more as an exercise in expletive than as a model of thought. On the other hand, the *Montreal Gazette* taunted Mr. Woodsworth, after the debate of March 22, with "flying a mongrel flag, British on one side and something else on the other." So debate proceeds, enlivened by those flares which make men stop and think.

One speech in many deserves notice. It is a common-

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place in Canadian politics that the Conservative party, and particularly Mr. Meighen himself, is anathema in Quebec on account of conscription during the War. Mr. Meighen is regarded by the leaderless descendants of Sir Wilfrid Laurier as a dangerous Imperialist ready to outbid Downing Street itself in defence of the Empire. His problem, therefore, is to circumvent the suspicions of Quebec and prepare the way for a successful inroad on the Liberal preserves in that province. Accordingly, he heralded his approach to French Canada by a speech at Hamilton, Ontario, immediately after the general election, in which he said that, in the event of war in which Canada might be involved, there ought to be a general election before Canadian troops went overseas! To such straits is even the Conservative leader driven by the vagaries of the different kinds of Canadian nationalism. Mr. Meighen may live to regret the Hamilton speech, but nothing could more clearly reveal the wisdom of the prevailing official reticence. None the less, the time will soon have passed when it is either wise or safe to await the authentic voice of national opinion; and there are many Canadians who think that a more definite lead would elicit an immediate response.

Parliament itself gives neither lead nor response. The debate which took place in the Canadian House of Commons, on March 22, was as inconclusive as it was unfortunate in its origin. Mr. J. S. Woodsworth, the Labour Member for North Winnipeg, moved "that, in the opinion of the House, Canada should refuse to accept any responsibility for complications arising from the foreign policy of the United Kingdom." His speech was no more than a tepid fruit-salad of British pacifist literature, and contributed nothing to the substance of the problem except possibly a warning that there is an anti-Imperial strain in Canadian democracy which must be reckoned with. The debate which followed was remarkable for the silence of the Government, and the admirable tone

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of Mr. Bourassa, whose speech has already been summarised in *THE ROUND TABLE*.^{*} Two months later, on May 27, Mr. Mackenzie King gave notice of a resolution inviting the House to endorse the principle and adopt the practice laid down by the Imperial Conference of 1923 for the negotiation, signature and ratification of international agreements, with the added condition that every international agreement concerning Canada must be ratified by the Canadian Parliament. Once again the debate, on June 21, was entirely infructuous, except that now the Imperial Conference procedure has been endorsed by Canada. Once again an opportunity to give public opinion a lead was allowed to slip. The then Prime Minister, Mr. Mackenzie King, surveyed the world from the safe vantage-ground of generalities, while indicating the probability that, if pressed, Canada would repudiate Locarno; and Mr. Meighen, the present Prime Minister, can congratulate himself that his unheroic silence now leaves him free to go to the Imperial Conference without a policy, except, again, in generalities.

There is indeed a risk that, the Conference of 1923 having laid down the general principle, the problem of its application may be burked. To avoid this result, which can lead to nothing but confusion and, perhaps, disaster, the whole public opinion of the British Commonwealth must awake. It is awake in some parts, but not in all; and even when it is most awake, it still needs to enlarge its horizon. For that purpose it would seem that certain conditions need to be satisfied, and they are five in number:

(1) There are such differences in geographical setting and consequently in political necessity that a common Imperial outlook for the British Commonwealth can only comprise those subjects or peoples which are, in themselves, world-wide in scope and influence. Halibut in the Pacific, or navigation between Java and Australia, cannot be more

^{*} *THE ROUND TABLE*, No. 63, June 1926, p. 607.

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than local concerns of the Canadian or Australian Governments; while it must remain an open question for the time being whether Locarno is a local North-West-European obligation or one which might force Great Britain into a European or Middle-East war arising originally perhaps in Mosul or Corfu or Sarajevo, or, again, into a war which begins obscurely and ends in a general conflagration.

(2) This being recognised, what are those subjects or problems of world-wide scope? And wherein do they impinge on Imperial interests? These two questions, whose answers must precede the formulation of policy, will be answered differently in Ottawa, Pretoria, Melbourne, and Wellington; but there must be a highest common factor of Imperial interest which will cause certain of them to emerge more prominent than others, regardless of the standpoint of the observer. They should form part of the regular discussion of every Imperial Conference, in addition to the burning questions of the moment.

(3) In addition to the obvious difference between the Canadian outlook and the British, between the Australian and the South African, there is an uncertainty as to what each individual outlook actually is. There is a greater homogeneity of opinion in the United Kingdom and a more substantial unity of fundamental interests between the United Kingdom and the Irish Free State than there is, for instance, in Canada; but even in the United Kingdom we are not clear in our own minds where the permanent line of twentieth-century policy ought to be drawn. The League of Nations seems to be the major British interest, because it is the only possible guarantee of peace; but, even here, a multiplicity of international interests are found, and among them there are many which cannot be called primary British interests.*

^{*} See *The Crisis in World Affairs and Europe at the Cross-Roads*, in *THE ROUND TABLE*, No. 63, June 1926.

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(4) It is therefore essential, for the purpose of effective discussion at Imperial Conferences and for effective consultation between Conferences, that each partner in the Commonwealth should know her own mind. Public discussion of all aspects of the problem, leading to self-knowledge, is therefore a necessary part of the preparation of each Dominion (the United Kingdom included) for a profitable conference with the others.

(5) The Imperial Conference, when it takes place, must be a real—"a heart to heart"—talk; but even it is inadequate, and must be complemented by those instruments of continuous consultation, both in personnel and in documents, which THE ROUND TABLE has already and frequently described in detail.

Finally, since the primary aim of the British Commonwealth is peace, and since the only visible guarantee of peace is the League of Nations, the united force of the Commonwealth should be thrown on the side of the League, and, in all major questions, the policy of our united nations should be in tune with the spirit of the League. The League applies to the world the principles and, still more, the *ethos* of the British Empire. It is therefore a matter of pride, as well as of interest, that we should back the League through thick and thin to final success.

INTER-ALLIED DEBTS

I. MR. CHURCHILL AND MR. MELLON

THE disturbing problem of inter-allied debts has once more come to the fore, and certainly not for the last time. The proposed debt settlement between England and France was recently the indirect occasion for an unfortunate public controversy over the English debt between Mr. Winston Churchill, as Chancellor of the Exchequer, and Mr. Mellon, as Secretary of the Treasury in Washington. On July 14, at an annual banquet given to the Chancellor by the Lord Mayor at the Guildhall, Mr. Churchill, in the course of his speech, referred in the following terms to the settlement of the French debt which he had just agreed upon with M. Caillaux :

I am glad to think that, as far as one may judge by every organ of public opinion, as well as by the attitude and demeanour of the House of Commons, the settlement of our debt with France has on the whole been received with a very distinct and definite measure of public acquiescence. We could no doubt have won a good deal of praise in some quarters, which pass for instructed and are certainly articulate, if we had used the same rigour to our debtors as has been meted out to us. But I am sure it would not have been a wise or far-sighted policy for a British Government to win cheap cheers and a reputation for firmness by making demands which would never be agreed to or by making agreements which would never be carried out. The compact substance is worth more than the imposing shadow. The applause of the moment would be a poor compensation to us for the resentment, especially the suppressed resent-

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ment, of great nations across long periods of time. We have always held in this country that there are clear distinctions between war debts and commercial debts. The war debt is incurred for the purposes of self-preservation. It may save your life and country, or your ally's life and country, but it leaves behind no fertile or reproductive instrument or possession. What is blown away in shot and shell is not comparable to a transaction which leaves behind it, let us say, a railway, a mighty reservoir or a modern electric plant. Therefore, whereas an ordinary commercial debt, wisely contracted and expended, may raise the standard of living in both the lending and the borrowing countries, and consequently the general welfare of the world, the payment of a war debt, like all war expenditure, however necessary, can only depress the standard of living of the borrowing country. Further, it is bound to distort to some extent the productive industry of the lending country. War impoverishes the belligerents who, whether as victors or vanquished, have been compelled to resort to unproductive expenditure. Trade, on the contrary, is a fertile operation, which by an exchange of services or by productive expenditure promotes a higher and more harmonious economy. All the Allies in the Great War have now made, or are making, arrangements to settle their debts with one another over periods of two generations. The arrangements thus entered into must be most scrupulously respected and observed by the debtors, so long as the creditor so requires. But much may happen in two generations, and it may well be, in the best interests of the world, that a different view may prevail before that period is completed.

Two days later, on July 16, Mr. Mellon issued a statement declaring that as regards the French debt the United States had been a more generous creditor than Great Britain. And two days later still, on July 18, Mr. Mellon having sailed the day before for Europe, there was published in the American Press—it appears without his authorisation—a further statement from him. This took the form of a letter in answer to a petition which had been presented to him by a Massachusetts lawyer, Mr. F. W. Peabody, demanding the total cancellation of war debts on the grounds of equity and charity. Naturally but, it seems, incorrectly, Mr. Mellon's reply was regarded everywhere as a counter-attack to Mr. Churchill's speech. In it he used the following phrases :

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It must be remembered that England borrowed a large proportion of the debt for purely commercial, as distinguished from war, purposes—to meet commercial obligations maturing in America, to furnish India with silver, to buy food to resell to the civilian population in order to maintain the exchange. American loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save England borrowing from her own people.

This letter was followed up by a further statement issued by the United States Treasury, which went into detail as to the commercial nature of the debt owed by this country. Mr. Churchill meanwhile had, on July 19, immediately answered Mr. Mellon in a speech in the House of Commons, of which the following is an extract :

In regard to the Anglo-American debt settlement, on the morrow of the great war and the great victory, when President Wilson first came over to Europe and all the comrade-like sentiments were in all the breasts of the Allied nations, there was an opportunity to plead for the principle of equality of sacrifice which would take into consideration not only money spent, but the blood that had been shed, and also on the other side of the account the territory which had been obtained. But now that time had gone, and we have settled our debt with the United States. "I do not think (Mr. Churchill continued) that it is any use our indulging in recriminations with the people or with the newspapers of the United States over that agreement which we have made, but I must refer to the statement which is attributed to Mr. Mellon, Secretary of the Treasury of the United States, in the newspapers this morning, because I think it would be a great pity if misunderstanding should arise on these points. Mr. Mellon is reported to have said in a statement which I understand was a written statement : 'It must be remembered that England borrowed a large proportion of the debt for purely commercial, as distinguished from war, purposes, to meet commercial obligations maturing in America, to furnish India with silver, to buy food to resell to the civilian population in order to maintain the exchange. American loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs, and to save England borrowing from her own people.' There really is a complete misapprehension of the facts of the case, and so serious is this misapprehension that it makes me almost doubt the authenticity of the passage which I quote. But what are the facts ? We are only dealing, let the Committee remember,

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with the period after the United States came into the war. There were no loans before then between the Governments. Great Britain, like all the other Allies, spent vast sums of money in the United States on food, as well as on shot and shell, but all the loans of the United States to the Allies were, by act of Congress, specifically limited to the purpose of prosecuting the war. That was the language of the Act of Congress, and the United States Treasury required and obtained full justification for every cent that was lent. Every cent was spent under the supervision of the United States Treasury in what was, according to their view, not ours, the furtherance and prosecution of the war, and every cent was spent in the United States. Between 1917 and the end of the war—that is, during the period of American intervention—we spent over 7,000,000,000 dollars in the United States, and, of that sum, we borrowed 4,000,000,000 dollars, and we provided 3,000,000,000 dollars additional, spent in the United States, from our other resources. Against the 4,000,000,000 dollars that we borrowed, we spent over 1,500,000,000 dollars on munitions and over 2,500,000,000 on cereals and other essential foodstuffs, so that on these two heads alone we spent a sum which equals the whole sum that we borrowed from the United States. As to the special instances cited by the distinguished foreign statesman whose name I have mentioned, there again it seems that he has been either misreported or misled. We spent on the commercial maturities during this same period 354,000,000 dollars out of a total of 7,200,000,000 dollars which we borrowed or provided from our own resources, or rather less than 1-20th of the total dollar expenditure for which we were responsible. As to the silver loan for India, which is referred to, that, as every one knows, was treated quite separately from the war debt and fully repaid by this country in 1923. I hope I shall not be thought to have been wrong in stating these facts, because while there is certainly a good deal of ill-feeling and resentment about all these questions connected with the repayment of war debts, it is very important that that resentment should not be increased by any misunderstanding of what are the actual facts of the situation.

"I think I have answered the greater part of the questions put to me, and I would only in conclusion say that, if we should succeed, as we have done on paper by these settlements, in obtaining from reparations and from debt payments the sum of £33,000,000 a year after 1930, and we have to pay £38,000,000 a year to the United States, that is a very much closer achievement of the principles of the Balfour Note than anything which would have been thought possible in the Cabinet which was responsible for the issue of that Note. It was a hope and an ideal, and a policy and a principle, but that we should have succeeded in translating it into effective agree-

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ments which, if carried out, will so nearly balance the payments we have to make by the receipts which we obtain, I speak for myself when I say that I think we ought not to be discontented with the general situation, nor with the general policy which has guided this country in relation to the European debts. It is the old traditional policy of Great Britain, and it is based on a very long view of the future of Europe and of our country in relation to Europe. Let us have some trust in time, and give time a chance to do its work, not only in the old world, but in the new. Let us so act that time will be upon the side of easier and wiser solutions than have yet been reached and that yet exist in the world in respect of the war debt payments, and let us have confidence in the teaching of facts, in the lessons of experience, which over a long period of years are certain, in my judgment, to produce immense alleviations of the situation which at the present time presses with iron severity on the war-racked nations of Europe."

Finally, on July 23, an official communiqué was issued by the British Treasury, traversing further the statements made by Mr. Mellon and by the United States Treasury. This reply of the British Treasury, although very important, is largely of a too technical character to quote here. The arguments were summed up by the Treasury in the following terms:—

The facts are indisputable that the money borrowed by Great Britain was spent—

- (1) In the United States,
- (2) On United States commodities,
- (3) For purposes approved by the United States Treasury,
- (4) In accordance with the terms of the Acts of the United States Congress—

for the purpose of prosecuting the war.

Great Britain provided the sterling and neutral currencies to meet all her own requirements throughout the war, and, in addition, bore the burden of covering the sterling requirements of her Continental Allies. Had it not been for the fact that the United States did not feel able on entering the war to relieve her of this additional burden, Great Britain would have been able to meet, from the resources she placed at the disposal of her Allies, her expenditure in America, and in all human probability the British debt to the United States would never have been incurred.

The British Treasury feel it necessary to set forth the foregoing

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facts, because they show that no case for discriminating against Great Britain can be founded upon her use of the money borrowed from the United States for the prosecution of the war. No complaint has been made by Great Britain against the adverse discrimination with which she has been treated. It is recognised that the creditor is entitled to discriminate between debtors, and that the debtor is bound to comply with the demands of the creditor up to the full limit of the obligation. It is only when reasons are assigned for such discrimination which clearly arise from a misconception of the facts that the necessary corrections of fact must be made.

It has never been made clear what were the exact reasons which Mr. Mellon had in his mind for stating that the debt owed by this country to the United States was largely commercial in its character. Such a statement must necessarily be read by the public at large throughout the world to mean that the debt was not in fact a war debt, but had been used by this country for its own commercial and trade and not for war purposes. It was natural, and we think inevitable, that any such interpretation should be immediately repudiated by the British Chancellor of the Exchequer. That was necessary both in defence of our own honour and as an explanation to our Allies. It is perfectly true, and in fact not in dispute, that a large part of the debt due to the United States by us was incurred in order to buy in the United States food, cotton and other materials necessary during the war for the civilian population of these islands. As the British Treasury statement says :—

It was recognised at the time, and it is obvious, that the supplies to the civilian population were an essential war requirement. Food for the workman was as important as ammunition for the soldier, nor could the soldier be asked to fight if his family at home was not fed.

The root difficulty of England at the time when the United States came into the war was that she had completely exhausted her own dollar resources. She had spent vast sums in the United States for herself and her Allies, the

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dollars for which she had provided partly in the usual way by exports, partly by selling \$5,000,000,000 of her American securities back to the American people, and partly by borrowing from the American private investor in the New York market. Had America not come into the war, perhaps the most serious war problem before England and the Allies would have been to find the means of purchasing either foodstuffs, raw materials or war munitions from the United States. That could have only been accomplished by borrowing very large sums from the American private investor, since all our own dollar resources were practically exhausted. But when the United States came into the war it was no longer possible to appeal to the private investor. The New York loan market was entirely monopolised by the American Government, and the sole source from which the Allies could obtain funds in the United States was the United States Treasury itself. It is common knowledge to all who lived through that period that the British Government, knowing that for every purchase of whatsoever kind that it made in the United States it must borrow from the United States Government, absolutely restricted all purchases there to such as it considered essential for war purposes. This, in fact, moreover was a condition, as the British Treasury Memorandum points out, which was quite properly insisted upon by the United States Government. Among other essential war requirements were not only foodstuffs, cotton and so forth, but actually the maintenance of the dollar-sterling exchange itself, and for this purpose it was found necessary to borrow a certain sum from the United States in order to provide exchange for merchants and other importers into England, who required dollars in order to make payment for their imports. All these purchases were, however, also restricted to such as were considered necessary for the prosecution of the war. It is indeed indisputable that every penny that we borrowed from the United States was spent on war purposes—that phrase covering, of course, in a modern

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war a multitude of transactions outside the mere provision of guns and shells and other materials actually used for the destruction of human beings.

Mr. Mellon's further statement that "American loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save England borrowing from her own people" is also a completely incorrect statement of the position, and one which, if true, would be still more damaging to our reputation. In making it Mr. Mellon must have forgotten for one moment the problem of transferring wealth from one country to another, with which the world has in the past few years become painfully familiar. The British Government might have raised billions more pounds sterling at that moment from its own people, but it would not have had one dollar more with which to purchase materials in the United States. For that purpose sterling was useless, and dollars were essential, and the sole source from which the British Government could obtain dollars was the United States Government.

II. THE ROOT OF THE TROUBLE

But the real heart of this difficult problem is not whether these debts are or are not war debts. The question which will be debated as long as the debts last is whether, being war debts, they should be treated exactly as the whole world rightly expects commercial debts to be treated. It is here that there exists apparently a profound difference between European and American opinion. American opinion, if we understand it aright, is predominantly that for America the great war was not a war of unlimited liability. It was not *their* war in the same way that it was *our* war. They entered into the war in 1917 mainly in order to save the Allies, since no real harm could come to themselves. They saved the Allies, and in so doing

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lost many human lives besides incurring a vast internal debt. It is therefore ordinary business justice that, having performed these infinitely valuable services for the Allies, they should demand the repayment of a great part at any rate of the sums which they lent them during the war, and which each Allied Government solemnly undertook to repay to the last cent. This view is reinforced by arguments that it is exceedingly important for the world that contracts, whether by Governments or individuals, should be upheld, that if one country is ever again to lend money to its allies in wartime, the sums so lent in the last war should be repaid, and further that in that event repayment must inevitably be apportioned according to capacity to pay.

Most European taxpayers, on the other hand, regard, and will always regard, these debts in a quite different light. They believe that from March 1917 America had engaged herself in a war of unlimited liability in just the same way as had all the other belligerents, and that it was equally necessary for her prestige and her future as for theirs that she should be on the victorious side. They believe, too, that it is hopeless to draw up a profit and loss account as between ally and ally. Some nations gave the lives of their soldiers; others the money of their taxpayers. From the end of 1914 to the middle of 1916 France held the bulk of the fighting line while England was preparing an army to fight. From March 1917 till the middle of 1918 France, England and Italy held the line while America was preparing to fight. The countries fighting gave their men and their treasure; the countries preparing to fight could, until they were ready, in the main only give their treasure. If the United States had been ready in March 1917 to play her part fully the war would soon have been over, and the vast bulk of the debts never incurred. These debts were not incurred solely for the benefit of the borrowing countries. They were incurred for the benefit of all. England lent over £600,000,000 to Russia, the greater part of which she will

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never see again. But can it be said that that money has been lost any more than the money which during the same period she lavished, not on the Russian armies, but on her own? Both contributed to the final victory. It is impossible to say that the \$11,000,000,000 which America lent to the Allies after March 1917 were not lent partly for her own benefit, any more than it is possible to say that the \$11,000,000,000 lent by England to her Allies were not also lent partly for England's benefit. No nation at war *lends* men to its allies. Is there much more reason why it should *lend* money?

This is the view which naturally finds most favour in those countries which have borrowed more than they have lent. In Great Britain, which lent to her Allies vastly more than she borrowed from America, sentiment is divided. But, while the force of the above argument is felt more seriously by the British taxpayer when he has in mind what he owes America, rather than what France and others owe him, this country has, we believe, always been ready to agree to a complete cancellation of debts if America would do likewise. Lamentably, however, the European Allies in general, including England, have not, by their example, encouraged the American nation to show a generous spirit. No nations could possibly have shown a more selfish and desperately short-sighted view than the Allies themselves in the dreadful reparation settlement of the Peace Conference. How could they decline to pay debts to the United States, at any rate on the ground of inability to pay, when they were exacting, or trying to exact, from Germany sums many times larger? Even now how is it possible for them to complain on that same ground of the settlements which have been or are being arrived at, when they intend to demand from a single nation £125,000,000 per annum?

The opinion of this review has always been and is now that it would have been right and wise for all the allied and associated nations to forgive their mutual debts, provided

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at the same time that there were a generous settlement of the reparation problem. Undoubtedly, had this been their policy in 1919, the world would be far further on towards peace and prosperity now, and we do not despair that the time will arrive when this policy will gain the day.

The American nation, however, from whom such a policy would have demanded a generosity even greater than from us, decided otherwise and insisted on repayment. In the face of this insistence we made our settlement in 1923. It may be argued that by waiting we could have obtained a more favourable one. That is possible, though not certain. But that it was right and wise and even in our interests—considered in the broadest light—to settle we have no doubt. We could not plead that it was impossible for us to pay, and it was not consistent with the position of the British Empire in the world or with its relations to the American Commonwealth that we should remain under a moral obligation to the United States Government. Moreover, it is somewhat difficult for us to condemn the principle of “charging what the traffic will bear,” or, in other words, “payment according to capacity,” since we ourselves have applied that principle as between France and Italy.

Nevertheless it remains regrettably true that while the payment of our debt on a basis more onerous than that of other settlements made by the United States Government has maintained our honour and our credit, it has not improved, and indeed cannot improve, our relations with our great neighbour. Even if it be admitted that it is both just and politic to demand the repayment of war debts, “capacity to pay” is a very shaky principle on which to found a settlement lasting over two or three generations. Who can judge of a nation's capacity to pay even in this very year? Who can judge of it, in relation to that of other nations, say, in 1940, or 1960, or 1980, when the payments now fixed will still be being made? Elsewhere in this review there are quoted figures showing how

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immensely richer the United States is than England even now. As this wealth grows still more disproportionate and the American debt and taxation constantly lighter, will it be possible for the British taxpayer, heavily burdened and specifically discriminated against, to feel certain that he is being treated with justice?

The United States, we believe, have no intention whatever of revising the settlement. England will never ask for its revision and will punctually maintain it. She will fulfil her bargain and fulfil it, we hope and believe, in silence and without complaint. If she once more regains her prosperity the burden may appear less onerous to her than it does with all her present troubles. But to those who wish Anglo-American relations to remain unclouded the problem cannot but cause some apprehension.

DIARCHY IN ULSTER

“ULSTER has her own Parliament, and manages her own affairs. Why is it that normal political development which elsewhere is attended by acute internal divisions—capital and labour, town and country, and the like—seems in Ulster to hang fire?” Some such question as this is often put by those whose study of Northern Ireland is from the outside. It can be partially answered, but only at some length, by tracing the steps by which the constitution of Northern Ireland came into being under the Government of Ireland Act, 1920, and by examining the limitations of that constitution, and its relationship to the political aspirations and the industrial circumstances of the Ulster community. An attempt will be made in this article to supply some, at any rate, of the material upon which that answer may be based.

I. THE “WAR” PERIOD

AT the first general election in Northern Ireland under the Government of Ireland Act—which took place in June, 1921—the political issue before the electors may be said to have been whether or not the constitution provided by that Act for the “six-county area” should be accepted and worked. On one side were ranged the Unionists under Sir James Craig, and on the other the Nationalist and Sinn Féin parties. The Unionists stood

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for acceptance of the Act, as affording limited self-government within the United Kingdom. Both Nationalists and Sinn Feiners adopted a policy of non-recognition—the former because they advocated full “Home Rule” for Ireland as a single unit, and the latter because their object was an Irish Republic separated from the British Empire. In the result, 40 members were returned as Unionists, 6 as Nationalists and 6 as Sinn Feiners. The members of the Nationalist and Sinn Fein parties refused to take their seats, in pursuance of the policy of non-recognition, and thus the new House of Commons came to consist of a single party, with no regular Opposition. The composition of the Senate was two ex-officio members—the Lord Mayor of Belfast and the Mayor of Derry—with 24 senators to be elected by the members of the House of Commons. Only the Unionist Members of Parliament took part in this election, and thus the elected senators were all Unionists; whilst the Mayor of Derry, a non-recognitionist, kept aloof altogether. Both Houses, therefore, of the new Parliament consisted without exception of Unionists, whose policy was to “work the Act,” and who had been returned mainly upon that issue.

Once the new Parliament and Government were constituted, a gradual splitting up of the members, on purely local issues, might have been expected to ensue. During the early period, it is true, some contentious measures were introduced by the Government—notably the Education Act and the Liquor Act—but these did not cause any party readjustments at the time, nor did they bring about very serious losses to the Government at the general election of April 1925. The Unionist party in the Northern Ireland Parliament has remained, on the whole, intact, and retains a solid majority over the Nationalist and Labour groups which came in as the result of the last general election. This situation naturally provokes inquiry as to why Northern Ireland is immune from domestic party issues. So far as this inquiry covers the situation

The “War” Period

during the period from June 1921 to the end of 1925, the reason can readily be assigned. The mere existence and functioning of a separate Parliament and Government for Northern Ireland were facts which did not for some time pass out of politics, nor did they meet with immediate general acceptance. They did not, in fact, finally pass out of the range of controversy until the close of the period mentioned. The political issue affecting Northern Ireland was for over four years a simple one—“to be or not to be”—and thus the mandate of her Unionist Government and of the majority in her Parliament remained strong and unexhausted. The new Government was called upon from the very first to put down disorders inspired by the policy of non-recognition, and to decide whether to accept or reject proposals made for changes in the constitutional position of Northern Ireland. The actual existence of the constitution depended in December 1922 upon the passing of an address to the Crown by both Houses of the Parliament—known in Ireland as the “opting out.” Moreover, when the “opting out” was accomplished, two difficult questions still remained to be disposed of—the question of the revision of the boundary and the question of the administration of railway, fishery and veterinary services.* It is not necessary to go into the details of these two questions here, but it will suffice to say that, so long as they remained in abeyance, the constitutional scheme of Northern Ireland remained incomplete, and therefore the mandate of the party elected to “work the Act” was kept alive. With the happy agreement concluded in December 1925, between the Imperial and the two Irish Governments, there came a satisfactory settlement of these matters—the boundary of Northern Ireland continuing as defined by the Government of Ireland Act, and the disputed services

* Under the 1920 Act the administration of these services was intended to have come under the Council of Ireland, which was to represent both Northern and Southern Ireland, but which, however, never came into being. (See THE ROUND TABLE, No. 56, September 1924, pp. 771-776; No. 62, March 1926, p. 355.)

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passing into the jurisdiction of her Parliament and Government. With that agreement the "war period," during which questions were at issue between the two Irelands, was brought to a close, and at length a new situation in domestic politics became possible. Why, then, is that situation still slow to arise? Let us examine the constitution with this question in mind.

II. DYARCHY AND ITS EFFECTS

IN order to obtain a general idea of the constitution of Northern Ireland, it may be helpful to compare it briefly with other types of separate constitution which are to be found within the British Empire. All alike are by law subject to the paramount authority of the Imperial Parliament, but their powers of self-government vary in extent and degree.

The Dominions possess responsible government, and as regards these, custom has restricted the powers which are reserved to the Crown to extremely narrow limits. The Imperial Secretary of State has no control over any public officer except the Governor. In matters affecting the internal affairs of a Dominion the Governor acts almost without exception on the advice of his Ministers, who are responsible to the legislature. The powers of a Dominion Parliament and Government are conferred in general terms in respect of "the peace, order and good government" of the Dominion. Within a Dominion there may exist, subject to these general powers, provincial legislatures and executives having specified subordinate powers, and the Government of a province is responsible to its legislature. A Crown Colony, again, differs both from a Dominion and a province of a Dominion. It lacks the essential element of responsible government—the control of the executive by the legislature—and the administration is carried on by public officers under the control

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of the Imperial Secretary of State. The Irish Free State, for instance, has become a Dominion, but the measure of self-government accepted by Northern Ireland does not bring her within any of these categories. She is not a Dominion, a province or a Crown Colony. It is curious to note, in passing, that the legislation which conferred a limited self-government upon Northern Ireland may be said to have also made provision (now spent) for her becoming, according to circumstances, either a Crown Colony or a province within a Dominion. The Government of Ireland Act, 1920, provided that if, as a result of the first election of members of the House of Commons of Northern Ireland, there was a failure to constitute that House, a form of official or Crown Colony government should be set up. The Irish Treaty Act of 1922, again, gave to Northern Ireland an opportunity to become in effect a province in the Dominion of the Irish Free State. The circumstances leading up to Crown Colony government never arose, and the "provincial" status was rejected by the "opting out" Address, so that Northern Ireland retains a constitution *sui generis*, comparable in some respects to the "dyarchy" of India, in some features akin to the constitution of a Dominion, in others to that of a Crown Colony, and in others to that of a province, but having this essential element, that she remains a part of the United Kingdom for various important purposes of legislation, administration and finance. It is to this last element in the constitution that we may look for a partial explanation of the fact that party issues as to the domestic concerns of Northern Ireland are still slow in formulating themselves.

To the Parliament of Northern Ireland there has been granted a legislative power according to the Dominion formula—"to make laws for the peace, order and good government" of Northern Ireland—and her executive is fully responsible to her Parliament. But the Dominion formula is limited in its application by certain restrictions

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upon the general legislative power, whilst the executive power is co-extensive with that of the legislative. These restrictions comprise, in the first place, all matters relating to the Crown, peace or war, the forces of the Crown, the defence of the realm, relations with foreign States or other parts of His Majesty's dominions, and all matters of purely Imperial concern. If the restrictions upon self-government stopped at this point, and did not touch matters of local interest, we should not be able to find in the constitution itself any reason for the slow development of domestic party issues. But we discover in the constitution additional restrictions, which remove some eminently debatable matters of local interest from settlement in the local Parliament. As the Imperial Parliament and Government retain jurisdiction over these matters, it follows that they fall to be debated at Westminster, where, in the House of Commons, Northern Ireland has thirteen representatives, who may or may not be representative of the party which has a majority in the local Parliament.

What, then, are the matters whose settlement rests with the Imperial authority by reason of the additional restrictions? They seem to fall into two classes, if we treat them according to the principles which may be supposed to underlie the imposition of the restrictions. The first class comprises matters which, in a Dominion, would naturally pass over to the Dominion authority, but which, in order that the United Kingdom might be preserved as an entity containing Ireland, were under the Government of Ireland Act kept in the hands of the Imperial authority—the levying and collection of Customs duties, Excise duties on articles manufactured and produced, and Income Tax. In the second class we may place various matters appropriate to a scheme of local government, but whose transfer to a local administration in Ireland was deferred, in the hope of avoiding “partition,” until such time as a union might take place between the two equal subordinate governmental units of Northern and Southern Ireland, as contem-

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plated by the Government of Ireland Act. This hope did not come to fruition, and consequently the matters in this class remain within the Imperial jurisdiction. The chief of these, as the constitution now stands, are the postal service, the completion of land purchase, and the Supreme Court of Judicature. The taxes and matters to which the restrictions apply are described as being “reserved,” and, if the present constitutional position of Northern Ireland is to be properly understood, the practical working of the system of “reserved” powers must be examined.

Customs and Excise duties, Income Tax and any other taxes on profits are reserved, as has been pointed out, to the Parliament and Government of the United Kingdom, and continue to be imposed and levied as before the transfer of powers, and are paid into the United Kingdom Exchequer. But the constitution applies Northern Ireland taxes to Northern Ireland purposes, and provides a machinery—the Joint Exchequer Board—for determining, in the first place, what part of the proceeds of reserved taxation is “properly attributable” to Northern Ireland, and, secondly, what deductions are to be made from the sum so attributed, in order to defray Northern Ireland's contribution towards purely Imperial expenditure, and to defray the cost of the administration of the reserved services. The balance is called the “Northern Ireland residuary share of reserved taxes,” and is paid over periodically on the certificate of the Joint Exchequer Board, to the Exchequer of Northern Ireland, and becomes revenue which is fully at the disposal of the local Parliament and Government. Apart from the classes of taxation which produce this revenue, the local Parliament has power to impose and collect taxes for the benefit of its Exchequer, with the specific limitation that it may not impose a general levy on capital; taxes of this class are usually described as “transferred taxes.” Two features of this system must be kept in mind when reviewing the scope of Northern

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Ireland's local responsibility in finance. First, that the revenue accruing to the local Exchequer from the reserved taxes forms the bulk of the total local revenue—being, roughly, seven times as great as the revenue from transferred taxes. Secondly, that this financial system necessitates the permanent existence of an independent financial tribunal—the Joint Exchequer Board, which consists of three members, appointed respectively by the Treasury, the Ministry of Finance of Northern Ireland and His Majesty, the Crown nominee being the chairman. The attribution of tax proceeds to Northern Ireland, and the ascertainment of the cost of reserved services are matters which must be decided upon a definite set of facts. But in the fixing of the amount of Northern Ireland's Imperial contribution a wide financial discretion must inevitably be exercised by the Joint Exchequer Board. This amount is to be such as the Board "may, having regard to the relative taxable capacities of Northern Ireland on the one hand and Great Britain and Ireland on the other hand, determine to be just," and this amount is subject to quinquennial revision. The difficulty of the task thus imposed upon the Board was apparent from the outset, and was complicated by the setting up of the Irish Free State, and the consequent dislocation of a scheme intended for a Northern Ireland and a Southern Ireland equally subordinate within the United Kingdom. In January 1923 a Treasury Committee, known from the name of its distinguished chairman as the "Colwyn Committee," was set up in order to enunciate a principle for determining or altering the then scale of the contribution of Northern Ireland to the cost of Imperial services, for subsequent application by the Joint Exchequer Board. After an exhaustive investigation extending over two years the Committee finally reported

that due regard will have been had to the relative taxable capacities mentioned in the Acts if the proportion to be contributed is based on the following lines: The extent to which the total revenue

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exceeds the actual and necessary expenditure in Northern Ireland shall be taken as the basic sum for determining the contribution. . . .

In other words, the amount of the Imperial contribution is the excess of total revenue over adequate local expenditure. The essential question therefore arose—what is the measure of adequate local expenditure? The Committee proceeded upon the assumption

that the satisfaction of certain basic needs of local administration is essential before taxable capacity in an appropriate sense can be effective,

and these basic needs are to be measured upon the principle of treating as necessary local expenditure the amount which would be required to be expended on public services in Northern Ireland in order to provide an "average standard of service" not lower than the standard for the time being existing in Great Britain. Broadly speaking, Northern Ireland is to be allowed for her own disposal so much of her total revenue as will keep her abreast of Great Britain as respects administrative and social services, and the balance is to go towards Imperial services. The Committee applied this principle first to a standard year (1923-4) and then made provision for adjusting the contribution, as regards future years, according to the variation of the factors material to their basic principle. It is apparent, therefore, that the financial system of Northern Ireland renders it necessary for a local Chancellor of the Exchequer, in framing his budget for a financial year, to take into account other circumstances than local expenditure and the raising of local revenue. He has to form an estimate of the probable yield of reserved taxes, the probable cost of reserved services, and the probable amount which will be allowed to him for the financial year by the Joint Exchequer Board for a necessary local expenditure ascertained by reference to the average standard of service existing for that year

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in Great Britain. These complications have been explained with admirable lucidity by the present Finance Minister to the Northern Ireland House of Commons when making his budget statements; but it is obvious that only a small proportion of the "ways and means" which have to be found for a year's expenditure is under the direct control of that House. The transferred taxes—such as motor car licence duty and the entertainment tax—are debated both inside and outside the House with the greatest keenness, but, as has been shown, their yield in comparison with that of the reserved taxes is small.

Land purchase in Northern Ireland is, under the constitution, a reserved matter, as its completion by means of State advances to the tenants could not be accomplished without the assistance of Imperial credit. In fulfilment of a promise to "complete land purchase" on the lines of an automatic sale to the tenants as proposed in 1918 by a sub-committee of the Irish Convention, a Land Bill was introduced by the Government in the House of Commons at Westminster towards the close of 1924. The introduction of this Bill gave rise to strong opposition on the part of a section of the tenants—styled the "unbought tenants"—who were dissatisfied with the terms proposed for the annuities payable by tenants in repayment of their purchase advances. The Imperial Government were not disposed to proceed with their Bill unless it could be treated as non-controversial, and this crux was dealt with by the Government of Northern Ireland, who brought the landlords and the Farmers' Union (representing the majority of the tenants) together, and achieved an agreement to accept the Bill. The Home Secretary stated on the second reading of the Bill that

the landlords and the Government of Northern Ireland have agreed to pay an extra bonus of one half-year's rent to the tenants . . . one-fourth to be provided by the landlord and one-quarter by the Government of Northern Ireland. There is no liability upon us in this House or upon this Government or this country.

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In addition to this local charge, various administrative expenses of the completion of land purchase fall upon the Northern Ireland tax-payer—who also has a direct interest in the collection of the annuities by which the advances are repaid. The whole matter—apart from the use of Imperial credit to finance the advances to tenants—is one of local interest; and there are words in the constitutional Act which seem to contemplate its transfer to the local Parliament and Government when the sales to the tenants are complete, and when the matter thus resolves itself into one of collecting annuities.

The Supreme Court of Judicature is also a reserved matter, but the local Government and the local tax-payer are not without an interest in its administration. The Judges are appointed by the Crown on the advice of Imperial Ministers; are removable on addresses to the Crown passed at Westminster; and paid out of the Consolidated Fund of the United Kingdom. But, at the same time, these Judges administer laws made by the Northern Ireland Parliament; the ultimate incidence of the cost of the Supreme Court and its officers is upon the Northern Ireland tax-payer; and the Northern Ireland Government is, in practice, consulted before appointments to the bench are made. Thus both the Imperial and the local authority may be said to be concerned with this service.

With such a division of responsibility between Westminster and Belfast, effective local criticism of the administration in various matters, especially finance, becomes a task of extreme difficulty—a circumstance which is bound to retard the growth of a vigorous local party system.

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III. THE FUTURE

THE setting up of a separate administration for Northern Ireland was unquestionably due to political rather than to economic considerations. The next few years should afford an opportunity for studying the direction which may be taken by the resultant of the political and economic forces. Will it be centrifugal, and towards an enlargement of local powers, or will it be centripetal, and in the direction of closer union with Great Britain? The history of our colonial Empire would lead the inquirer to expect the former development. Moreover, a revival of the distributing trade with the South, or a co-operation between Labour North and South would, if either materialised, be economic forces which might set towards union between the two areas, and thus work centrifugally. On the other hand, the Tariff policy is still in the ascendant in the Irish Free State—a policy which is opposed to the ideals of the party in Northern Ireland which undertook to “work the Act.” The declared ideal of that party is the closer union with Great Britain, and it is by no means certain that the economic forces will not work in the same direction. For instance, although under the constitution unemployment insurance is a service which has passed to the local Parliament and Government, it is doubtful whether this separation fully corresponds to the industrial circumstances. This point was well illustrated recently by an Ulster representative in the Commons at Westminster, in a debate upon an agreement between the two Governments to establish a scheme of mutual reinsurance for the separate Unemployment Insurance Funds of Great Britain and Northern Ireland:

Northern Ireland, for industrial purposes, is (he said) really a part of the United Kingdom. It is part of the United Kingdom politically to some extent, but industrially it is, in fact, part of the

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United Kingdom. A great proportion of the trade of Ulster is foreign trade, and as all matters dealing with foreign trade are retained by the Imperial Parliament, the Government of Northern Ireland, if ever it desired to improve its trade by imposing tariffs, has no power to do so. Again, the workers in Northern Ireland are members of trade unions, the same trade unions to which people engaged in similar trades in Great Britain belong; and to cut off Northern Ireland for unemployment insurance purposes is, in our opinion, a very arbitrary operation. The number of insured persons in Northern Ireland is little more than half the number of insured persons in the Clyde and Glasgow district, and I am sure that no honourable Member opposite would contend that in future the Clyde district must be a separate area for insurance purposes and must rely entirely on its own resources.

Another illustration of the same point may be taken from the recent general strike. At the outset of the strike, Mr. Kyle (Labour) in the Northern Ireland House of Commons asked the Minister of Home Affairs if he was aware that coal merchants had increased their prices for coal, and what steps the Government were going to take “to prevent this exploitation of the needs of the people in the necessities of life.” This question elicited—in addition to a denial of the alleged exploitation—the announcement on behalf of the Government that “there has during the past two days been an abnormal demand for coal and other necessities of life, and . . . I hope to introduce and pass through all its stages to-morrow a measure designed to strengthen the hands of the Executive in protecting the interests of the community.” A Bill similar to the Imperial Emergency Powers Act was accordingly placed on the Statute book. Neither at the time when these steps were taken, nor at any period of the general strike, did that movement spread to Northern Ireland. Nevertheless the conditions of life in the province reacted immediately to industrial dislocation in Great Britain, and rendered necessary the taking, in some matters, of similar emergency action by the local executive.

It must not be supposed that the initial period in Northern Ireland has proved a period of stagnation,

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or that true local issues when they arise are not vigorously contested. The Unionist policy of "working the Act" is by no means a negative one. The Government which adopted that policy has achieved the gigantic task of restoring peace and order out of chaos, has passed measures of reform as regards educational administration and the sale of intoxicating liquor, and has taken every opportunity for improving administration and assimilating the law of Northern Ireland to that of Great Britain. On the other hand, public opposition to Government proposals, though it shows indications of being conducted on a sectional as much as a political basis, is vigorous and outspoken enough. As a passing instance, the opposition of the football section to the Entertainment Tax may be mentioned. The reduction which was effected in this tax as regards Great Britain was not adopted by the Northern Ireland Government. *Hinc illæ lacrimæ!* We are told that no more international Rugby games will be played in Belfast until some concession has been made as to the tax; and, more terrible still, that "if the entertainment tax is not abolished or modified we shall put up candidates at the next election to oppose all the present Members of Parliament who are against any change being made. We have got the candidates ready; they are all good sportsmen and good Unionists." It is noteworthy, also, that the Opposition leaders in the House of Commons are not content with the policy of "working the Act." The question of "to be or not to be" has been settled, and some who were formerly non-recognitionists are now in the House. Suggestions frequently come from the Opposition benches that the Government should keep the Imperial contribution in Northern Ireland, or should press for the immediate transfer of the reserved services. These suggestions show, at any rate, that the Members making them are conscious that the local Parliament, with its constitutional limitations, is not an institution suitable for the full development of party government. But the period

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of transition is hardly yet at an end, and it is too soon to go beyond the noting of tendencies. It is too soon to pronounce definitely whether the Ulster community wishes that complete self-government within the Empire should be evolved out of that limited system—"the working of the Act"—which was accepted, at a crisis, as a political expedient, or whether such an evolution would fit the industrial circumstances of the community better than a close union with Great Britain.

Belfast. August 1926.

CANADA AND THE BRITISH NAVY

(FROM A CANADIAN CONTRIBUTOR)

THERE has been in the last year or two, and especially in the last few months, a revival of discussion on that difficult and perhaps dangerous subject of disagreement between Great Britain and the Dominions, contribution to Imperial defence.* Certain public men in England, overborne by the consciousness of the immense financial burdens of their own country, have sought consolation in visions of an Imperial navy the cost of which would be evenly distributed among all the self-governing States of the Empire according to population or overseas trade. Not infrequently a plaintive note creeps in, reminiscent of the attitude taken sixty-five years ago towards Canadian stupidity, effrontery, and greed in imposing protective duties against British goods. It is implied at least, if not boldly stated, that the people of the Dominions and Canadians especially—for Canada is the most shameless sinner—are allowing themselves to be protected by a navy which they refuse to support, and at the same time are enjoying far lower taxation and a higher standard of living than the British taxpayer upon whom the burden of their defence almost wholly falls. It is further alleged that the old arguments are no longer valid whereby such niggardliness was once excused; it was reasonable perhaps in 1907 for Sir Henry Campbell Bannerman to say that “the cost of naval defence and the responsibility for the conduct of foreign affairs hang together”; but let that test be applied now that the Dominions claim, and at times have exercised, power in foreign policy; let “equality of status” be ex-

* See THE ROUND TABLE, No. 62, March 1926, p. 236.

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pressed in terms of cruisers and destroyers as well as in fine phrases about nationhood and autonomy.

There is certainly a good deal of resentment on both sides of the Atlantic over this matter of high Imperial policy, most of it suppressed or toned down in public utterances. In private conversation there is no surer way of starting an acrimonious discussion between Englishman and Canadian than to debate the question. To the Englishman the sort of argument outlined above usually seems obvious, and the refusal to recognise its truth perverse, mean-spirited, ungenerous. The Canadian, hurt by the charge of meanness, annoyed by the implication that his adolescent country is still sheltering behind the maternal skirts, is wont sometimes to reply with heat and irrelevance that he is not going to pay to support European militarism, or economic imperialism—a vague but dire phrase!—or Tory jingoism, or some such shibboleth of the righteous inhabitant of the North American continent. In any case they thoroughly misunderstand each other; and it seems an appropriate time to dissect the causes of their misunderstanding, and to try to explain why the vast majority of the people of Canada do not feel in the least ashamed of the wretched pittance which they annually devote to the protection of their shores. It must not be thought that reluctance to assume the burden of naval defence is confined to any political party, or to the inhabitants of any section of the country. No party, no public man of weight, no newspaper of influence, supports an increase in naval expenditure to-day, whether by way of building up a Canadian fleet or of providing funds for the Admiralty. There appears to be no likelihood that this attitude will change. Criticism of the current expenditure is confined to details; at the most a Conservative Government might spend two or three millions more than a Liberal Government.

It may be well at this stage to put aside certain considerations which are often advanced. First, it is doubtful whether there is any reality to-day, so far as Canada is

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concerned, in the contention, put forward in a recent number of *THE ROUND TABLE*,* that the preferential tariff for British goods is an indirect contribution to defence. Historically this may have been the case; but nowadays the preference is no longer defended on these grounds. It is regarded generally, not as a make-weight offered to compensate for the absence of direct aid, but as a free and generous expression of the desire of the Canadian people to further Imperial interests. It is emphatically not felt to be a *quid pro quo*. Indeed, in the election campaign of last year it was attacked bitterly by Conservative speakers, supposedly "Imperialist" in general outlook, as damaging to Canadian industry; and if a Conservative Government succeeds to power it is almost certain to be modified. Secondly, an equal unreality pervades the argument that Canada is contributing to the defence of the Empire by opening lines of Imperial communication through her territory and maintaining them at heavy cost. These undertakings are necessary to Canadian development, and independence would not alter or modify their nature. They might prove useful in case of war, but in no sense are they a conscious contribution to defence. A third false argument of a different character is not so easily stated. There has been a good deal of talk in England (not perhaps in responsible quarters, but none the less symptomatic) of the failure of the Dominions, and especially Canada, to "do their duty" by the Empire, to make a return in the day of their strength for services received in the past. The politics of the British Commonwealth cannot be expressed in the terms of the trader's balance-sheet. Of what their duty is, Canadians must be the judge. They do not like being lectured—indeed, they are unduly sensitive; but since 1914 they are inclined to answer all such suggestions by giving to Kipling's lines a new application: "If blood be the price of admiralty, Lord God, we ha' paid in full."

* See *THE ROUND TABLE*, No. 62, March 1926, p. 247.

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The truth is not to be found down these alley-ways. It can be ascertained only by realisation that the view of the responsibilities of empire widely current in Canada differs greatly from the view of the obligations of the Dominions widely current in Great Britain. The purpose here, let it be said, is neither to praise nor blame, but merely to explain, Canadian opinion; understanding on both sides is necessary to remove increasing friction. When last autumn Lord Jellicoe published a scheme calling for greatly increased naval expenditure by the Dominions, his words were seized upon as an election issue in the province of Quebec. The frequent production of tables showing the comparative contributions to defence made by Great Britain and each of the Dominions also causes annoyance, whether or no a moral is drawn from the figures. This annoyance is not the product of a guilty national conscience; public opinion in Canada may sometimes be little-minded and self-centred, but it is not mean-spirited. It is genuinely felt that it is unreasonable to expect Canada to assume a larger portion of the naval expenditure of the Empire, that there is no "duty" to do so inherent in membership in the Commonwealth, and that, if any such step were taken, it would be in the nature of an eleemosynary grant.

Why this difference in view? It is best explained, perhaps, by seeking an answer to the question: What does the British navy defend? To answer simply "the British Empire" is to beg the question. The Commonwealth is composed of six autonomous units and their dependencies; and it is obvious that they are not all defended by the British navy in the same degree. The naval expenditure of Australia and New Zealand is much larger than the naval expenditure of Canada; it may be doubted whether this is due to any more intense "loyalty" or "attachment to the Crown"—such phrases usually only obscure realities; the simplest explanation is that the inhabitants of these Dominions are conscious of a menace which does not

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threaten the people of Canada. Yet even in Australia naval expenditure *per capita* is less than half what it is in Great Britain. Are the Australians therefore to be regarded in the ledgers of the Commonwealth as bankrupts, paying only ten shillings in the pound, while the Canadians escape with a beggarly sixpence? The truth is that in Canada most people believe that the cost of the navy should be borne by those who need the navy; they believe that the navy exists to defend British interests, using "British" in the narrower sense of appertaining to the people of Great Britain; they believe that if Canada were an independent State it would be just as secure from attack as it now is, and that Great Britain would then need to maintain just as large a navy for its own defence. The British navy, in short, is the concern of the people of Great Britain; it does not exist to protect Canada; it exists to protect the island of Great Britain, its trade and commerce, the Indian Empire, the Crown colonies and dependencies. Some may ask here: But are not these British possessions the concern of the people of Canada? A concern, perhaps, though in reality a remote one; certainly not a responsibility. The African colonies, for example, are not a Canadian estate; it falls on the people of Great Britain to control their development and to receive the rewards, just as it falls on the people of Canada to control the development of the unoccupied lands within the Dominion. Naval defence may be necessary in the first case, subsidised railway service in the second. There exist both a British Empire and a British Commonwealth of Nations. The British Empire is composed of Great Britain and its dependencies, still including India; and the British navy exists for its defence. The British Commonwealth is composed of six sister self-governing States, some of them, like Great Britain and Australia, with external colonies; others, like Canada and the Irish Free State, without—though Canada possesses, contained within the borders of the Dominion, what is in effect a great and unde-

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veloped colonial empire. For the dependencies of each of the members of the Commonwealth the Government concerned only has direct responsibility; similarly responsibility for the defence of shipping and mercantile interests is distributed according to the danger felt. If the British navy protects Canadian shipping, it protects also Swedish shipping, Belgian shipping and Danish shipping, but it has never been suggested that these States should contribute to its cost; it protects them all because it performs a high international function in policing the seas, a function assumed because of its vital importance to the people of Great Britain, and admirably discharged.

It has just been said that the British navy does not protect Canada. How, then, is Canada protected? It is protected by a simple geographical fact coupled with a complex political fact. Canada is so situated as not to be open to maritime attack—except from one side. The sea-distances are too great, the chief centres of population are too remote from the coast, for a naval attack to be dangerous. When one remembers the vast amount of shipping which was absorbed by the operations at the Dardanelles and Salonica, where there were plenty of near-by advanced bases, it can be seen that the task of landing, defending, maintaining, and reinforcing a hostile force on Canadian soil from across the North Atlantic or the North Pacific would be stupendous. That is the opinion not merely of amateur strategists in Canada, but of the highest official authority. Unless new inventions revolutionise naval warfare, isolated raids on certain more exposed positions, destructive perhaps, but not fatal, are all that need be feared. Against an attack from one State, however, these arguments do not apply. Yet if Canada were to be attacked by the United States, could the British navy save her? The direct problem of Canadian defence is unilateral, and it is of such a character that the provision of armaments is no means to its solution. A hostile and aggressive Government at Washington, backed by a solid opinion,

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could without doubt submerge Canada in time, and a few extra warships would not diminish the danger. To avert any risk from that quarter other means must be relied on, other methods of solving disagreements. And one further consideration had best be pointed out, whether the people of Canada like it or not. Suppose that a war did break out in which the Commonwealth was involved, and that some hostile Power, in spite of the immense difficulties, did attack Canada. Would the United States be likely to stand by as an idle spectator? May it not be maintained that at bottom the chief protection of the Dominion to-day is American power more than British power? It is on the spot, and it has for generations been pledged to resist any encroachments by foreign Powers in the two Americas. The Monroe Doctrine, of course, was never meant to apply to Canada, and any attempt to stretch its meaning in that direction would be certain to arouse at once a fierce passion of resentment. But Canada and the United States are so closely bound together by numberless ties that any serious menace to one is also a serious menace to the other; neither would be able to stand aloof in cold neutrality if the existence of the other were at stake. However this may be, it is clear that the protection afforded to Canada by the British navy cannot be compared with the protection afforded to Great Britain or to Australia or to the tropical dependencies. Canada happens to be possibly the safest State, in a strategic sense, on the face of the globe. A naval service sufficient to prevent smuggling, perhaps a mine-laying squadron to block harbour-mouths and the St. Lawrence channel, and possibly a few small craft for coastal defence—what more would Canada need as an independent State?

These are weighty considerations, influential in moulding Canadian opinion, and yet apparently often ignored outside. It must be admitted that in this analysis the problem has been slightly over-simplified. The argument has been stated nakedly and without qualification, so that its full

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force might be revealed. In many of the questions of international intercourse it is hardly possible to differentiate so clearly between Canadian interests and British interests. In particular there remains to be discussed one important aspect. "All right," one may imagine the mythical upholder of a Canadian contribution to the navy as replying, "That is your view. Act on it. Withhold your money. Devote it to building up your own country. But if you claim that the British navy is not a concern of yours, renounce your demand for an adequate voice in determining the policy of which the British navy is an agent. Either declare your independence or keep quiet, and do not hinder us, who are concerned, from doing what we think best." In this reply there is some force; and yet perhaps not so very much. If it is sound, the Commonwealth is as good as dead, for there seems to be no chance, as has been said, of an increased naval expenditure in Canada, nor is there any chance of the claim to equal status being renounced. It impales the Commonwealth on the horns of a dilemma; and, as usually proves to be the case in matters of politics, the logic is faulty and the dilemma false. It makes the contribution to naval defence the supreme test in Imperial relations. The Canadian reply is along these lines: "Armaments are obviously for protection, my friend. Does the resident of Hampstead need to fortify his house with machine-guns? We are fortunately situated. It is most unlikely that a war will arise over a purely Canadian interest. The United States is our one neighbour, and there you could not protect us if you would. Do you ask us to arm in defence of India or of British power in the Mediterranean? We answer that it is not our job, but yours. Yet if a war does break out over a British or an Australian or a South African interest, we also are at war; though our own Government determines what forces we employ, we must bear the burdens and run the risks of a belligerent. It is altogether likely that we shall contribute substantial aid, as we did in 1914.

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Even if we do not, we shall be profoundly affected if the war is a major one. In view of that risk, is it fair to expect us to leave the issues of peace and war in the hands of the British Government, even if we have not got a navy? If you comprehend my view of the responsibilities of the various members of the Commonwealth, you will see that this fuss over the navy is hardly relevant to our claim to equality of status."

And so the debate goes on; and the root of the divergence is that the Canadian and the Englishman understand differently the British Commonwealth. It is not the natural difference between the points of view of the centre and the circumference, for the British Commonwealth cannot be metaphorically represented by so simple a geometrical figure as a circle. It would be absurd, moreover, to pretend that the misunderstanding is confined to one side. A generous view of the responsibilities of an advanced and democratic people to mankind at large is by no means uncommon in Canada; such a view prevailed without opposition in 1914, and will prevail again if a great crisis recurs, though in these years of disenchantment it may seem at times to be submerged. Yet there exists hardly any informed opinion on foreign affairs. There is dense ignorance of the policy followed, and the problems faced, by Great Britain, in India and the tropical Empire. There is an inclination, the product perhaps of experience at home, to be unduly cynical in matters of politics and to interpret the motives of all Governments at the lowest possible moral value. These characteristics of Canadian opinion, however, do not affect the issue here under discussion. Canadians feel that their refusal to support the navy is the logical result of the theory of responsible government, and that those who are hurt or annoyed by their attitude are living in the past and do not understand the realities of to-day.

Canada. July 1926.

SOUTHERN RHODESIA UNDER RESPONSIBLE GOVERNMENT

ON September 1, 1923, Letters Patent were issued providing for the constitution of responsible government in the Colony of Southern Rhodesia. The preamble to the Letters Patent stated that His Majesty "was minded to provide for the establishment of responsible government subject to certain limitations hereinafter set forth." The new form of government took the place of the administration for which the British South Africa Company had for many years been responsible and followed the decision of the European population as expressed by referendum not to accept the offer made by General Smuts on behalf of the Union Government to include the territory in the Union on terms which, so far as both Parliamentary representation and finance were concerned, were undoubtedly favourable to Rhodesia. At the time the European population of Southern Rhodesia numbered less than 35,000 as compared with about 850,000 natives. The decision, therefore, of His Majesty's Government to set up a system of responsible government afforded evidence of the satisfactory nature of the administration of the British South Africa Company in so far as the political education of the people is concerned.

When the new form of government came into being it found itself in possession of unalienated Crown lands amounting to something like 44,000,000 acres and a revenue of about £1,326,000, the more important heads of which were :—

Customs duty	..	£403,000	Income tax	..	£281,000
Native tax	..	242,000	Posts, telegraphs and stamps	..	218,000

Southern Rhodesia

The Company's administration had been decidedly economical, and the current year's revenue had exceeded expenditure by about £150,000. The new Government, in terms of the settlement made between the Company and His Majesty's Government, became entitled to all receipts arising from sales and rents of Crown lands, but was under obligation to pay to His Majesty's Government, not later than January 1, 1924, a sum of £2,000,000, being part of the consideration payable by the Crown to the Company, together with a sum representing two amounts of £150,000 each advanced by the Imperial Treasury to meet the cost of public works in 1922 and 1923. A sum of £3,000,000 was accordingly borrowed, the loan being issued by the Bank of England and ranking as a trustee security, from the proceeds of which the amount due to His Majesty's Government was paid, leaving, after deduction of the expenses of the issue, about £600,000 (since increased by a further issue of £1,000,000) available for the establishment of a Land Bank and for public works of various descriptions. On the whole, therefore, the financial position of the new Government was favourable, the land revenues, together with the surplus left by the Company, being sufficient to provide for interest and sinking fund on the loan.

I. THE LIMITATIONS IN THE CONSTITUTION

ON the other hand, as already stated, the Constitution had been granted subject to certain limitations not usually affecting the freedom of action of self-governing communities. Of these limitations, the most important are those relating to native affairs, the railways and the mineral rights.

The Limitations in the Constitution

Native Affairs

As regards Native affairs, the Constitution preserves the system of administration previously in existence under which the appointment, suspension and removal of officers of the Native Department are subject to the approval of the High Commissioner, who is also empowered to obtain from the Governor any information with regard to Native affairs, and to request the reference to a Judge of the High Court of any questions relating to the natives, while the punishment for revolt or other offences by chiefs and tribes, and the establishment of Native Councils are also subject to his approval. These provisions had *mutatis mutandis* been in force for many years and had caused little or no friction, and it may safely be assumed that only under very exceptional circumstances would the High Commissioner think it necessary or be expected by His Majesty's Government to question the discretion of the Southern Rhodesian Government in such matters. The fact, however, that the authority of the High Commissioner and through him the authority of the Imperial Government are so preserved may perhaps be taken to indicate the recognition on the part of His Majesty's Government that the grant to a community of less than 35,000 people of entirely unfettered jurisdiction over a large native population, which though not *de jure* is *de facto* as yet without electoral representation, would have been an experiment open to criticism in the Imperial Parliament and elsewhere. The Constitution, moreover, contains certain other provisions safeguarding the position of the natives. Under Clause 28 any law (save in respect of the supply of arms, ammunition or liquor to natives) whereby natives may be subject to any conditions, disabilities or restrictions to which persons of European descent are not also subjected, is reserved for the approval of the Secretary of State. Again, Clause 42

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provides that the Southern Rhodesia Order in Council 1920 whereby the native reserves amounting to 21,600,000 acres were vested in the High Commissioner and set apart for the exclusive use of the natives is to continue of full force and effect, while Clause 43 preserves the right of the native to acquire and hold land on the same conditions as a person who is not a native, though no contract for encumbering or alienating land, the property of a native, is valid unless made before a magistrate who certifies that the consideration is fair, and that the native understands the transaction. None of these provisions of the Constitution appear so far to have led to any difficulty, the new Government, as already indicated, has continued the system of native administration and education which it inherited from the Company, and no friction has arisen either with the Imperial Authority or with the natives themselves.

For some years, however, there has been all over South Africa, and especially in the Union, much talk of what is known as segregation. As the European population grows, increasing attention is drawn to the difficulties which must arise either if Europeans and natives own land and live side by side, or if sufficient land is not provided on which the native can find a permanent home of his own. This is not the place for discussion of the course of events in the Union which has led to the announcement of General Hertzog's so-called segregation policy, but it may be said that Southern Rhodesia, owing to the demarcation of the existing large reserves, is in a much better position to deal with the matter than the Union, where the average value of land is higher and where the neglect to tackle the question in the past has led to the creation of vested rights and settled habits making any widespread application of the segregation policy more than difficult.

Before the close of the company's administration, the suggestion had been made that defined areas outside the boundaries of the native reserves should be set apart within

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which natives only should be permitted to own or rent land, the corollary of the proposition being that the remainder of the country should be set apart for the ownership and occupation of Europeans; in other words, the native in return for having assured to him in addition to the reserves, areas in which he alone could acquire land, should give up the right which he has hitherto enjoyed of acquiring and occupying land in any part of the country outside the reserves.

Having regard to the fact that comparatively little land had been thus acquired by natives and that large areas in the vicinity of the reserves were as yet unalienated or at any rate unoccupied, it was believed that a scheme of this kind could be carried out without much difficulty and would be of permanent advantage to natives and Europeans alike. The new Government taking the same view, in January 1925, by arrangement with the Imperial Government a Commission was appointed to enquire into and report upon the expediency and practicability of the scheme, and in the event of its being considered expedient and practical to report generally as to the manner in which effect should be given to it. The Commission consisted of Sir Morris Carter, Chief Justice of Tanganyika Territory, Chairman, and two experienced Rhodesian Officials, one of them being Sir Herbert Taylor, who has been for many years Chief Native Commissioner.

From their report dated November 10, 1925, it appears that the Commissioners, after hearing much evidence and visiting many parts of the country, found the scheme to be both expedient and practicable, and they accordingly proceeded to indicate areas within which early action should be taken and other areas which should be left for further consideration. Nearly all the land recommended to be set apart for native purchase adjoins native reserves and most of it is unalienated Crown land, though in some areas expropriation of land owned by Europeans is proposed. In a few cases where European holdings adjoin and form

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an entrant angle in future native purchase areas, it is proposed that the owner should be allowed to sell either to Europeans or natives, but that a holding once sold to natives should remain a native purchase area. Such areas are called semi-neutral. The Chairman and Sir Herbert Taylor further recommended that with a view to providing more land for natives, especially in certain parts of the country where there is an absence of reserves, and to avoiding the heavy expenditure attendant on expropriation of areas additional to those of which the expropriation was unanimously proposed, certain "neutral" areas should be created within which either Europeans could purchase from natives or natives from Europeans, subject to the proviso that no one should be permitted to acquire land which did not abut on land owned by someone of his own race, the inference being that in such areas the land owned by the native or by the European, as the case might be, could gradually expand or contract in accordance with the demand for it by either race. Failing approval of their proposal, the two Commissioners concerned recommended the expropriation of additional land to the extent of some 500,000 acres.*

Up to the time of writing no announcement has been made as to the extent to which the Government will act upon the recommendations of the Commission. The Government will doubtless have to consider the cost of the expropriation involved, and to satisfy the Imperial Government, whose consent to the alteration of the Constitution will be necessary, that the interests of the natives will be adequately safeguarded and especially that the provision of the native purchase areas will afford sufficient compensation to the native for the loss of his right to acquire land outside the reserves.

It may be assumed that the matter has been discussed during the stay of the Prime Minister and two of his colleagues in London during the summer, and though

* See the Appendix for detailed figures.

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some of the recommendations made by the Commission, such as that dealing with the "neutral" areas, may be open to criticism it can, in the writer's opinion, hardly be doubted that the adoption of the main features of the scheme would be to the advantage of both natives and Europeans, and that it would be unfortunate if the Government failed to take advantage of this opportunity of dealing effectively with the matter and thus obviating many of the difficulties which a policy of drift has caused in the Union.

Mineral Rights and Railways

To return to the other important limitations of the Constitution, Clause 28 provides for the reservation of any law relating to the collection and allocation of mining revenues in force at the commencement of the Letters Patent, or any law imposing any special rate, tax or duty on minerals in or under land within the Colony. This clause and a similar clause in the Northern Rhodesia Order in Council 1924 followed on the recognition by the Imperial Government as the result of the report of the Privy Council on the question of the ownership of the unalienated land, that the mineral rights in Southern (and also Northern) Rhodesia were the property of the British South Africa Company. In the course of its administration the Company had voluntarily, with the object of promoting the development of the country, by defining the rights and obligations of persons engaged in prospecting and mining, limited to some extent its power of dealing with the minerals as it thought fit. At that time, however, the legislation of the country was under the Company's own control, and the Company was therefore in effect the judge of what limitations of its powers were desirable and permissible. This position was altered by the establishment of responsible government when the Company's

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status became that of an ordinary commercial corporation possessed of large rights and properties in the country. It was felt that in these circumstances protection was desirable against the introduction of hasty legislation, introduced perhaps as a result of party pressure, with the object of diminishing the Company's rights, and the clause above quoted throws upon the Secretary of State the duty of deciding whether any legislation affecting the Company's mineral rights which has not been passed after agreement with the Company is in accordance with the undertaking implied in the provision of the Constitution that these rights shall be respected and adequately safeguarded.

The same section of the Letters Patent provides that until legislation shall have come into force in Southern Rhodesia adopting so far as may be applicable the provisions of the English law relating to the Railway and Canal Commissioners, and to the Rates Tribunal established by the Railways Act 1921, any law dealing with railways within the Colony shall be reserved. A similar clause is contained in the Northern Rhodesia Order in Council 1924, together with a clause particularly reserving any Bill authorising the construction of any new railway line. The reason for the insertion of these clauses relating to railways is set out in the despatch of the Secretary of State (Mr. Churchill) to the High Commissioner, dated December 22, 1921. In paragraph 8 of that despatch, Mr. Churchill stated that he had no reason to anticipate, and fully accepted the assurance which he had received from the delegation of elected members of the then existing Legislative Council on this head, that the powers proposed to be given to the people under the new Constitution would be exercised in any spirit but that of complete goodwill towards enterprises which had contributed in so large a measure to the development of Rhodesia, and now played so important a part in the scheme of Imperial communications. He added, however, that he had been deeply

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impressed by two features of the situation: first, the magnitude of the investment made by the British South Africa Company in the railways, and the very heavy burden of financial obligations assumed by the Company in the guarantees which they had given to the debenture holders, and, secondly, the absence of anything like a code of railway legislation determining the relative rights of the railway proprietors and the general community. He had, therefore, decided to include in the Letters Patent the clause above quoted, which while not affecting the general right of the Colony to legislate in connection with railways in the interests of law, order and good government, would afford the Company the same measure of protection to its railway rights as exists in similar cases in the United Kingdom.

In Southern Rhodesia the question of railway rates is one of perpetual interest. Having regard to the immense distances to be traversed, to the scanty white population, and the consequently small volume of traffic, rates and fares are necessarily somewhat high. The public, having no responsibility for the capital involved, urge that a more liberal policy on the part of the Company would promote alike the development of the country and the traffic of the railways, while the Company not unnaturally points to the magnitude of its obligations as regards the debentures of the various companies owning the railway system, to the perpetually recurring need for raising fresh capital for the improvement, equipment and extension of the lines, to the certainty of future competition, and to the very exiguous divisible profits which after providing for fixed charges have been drawn from the undertaking since its inception. The position is further complicated by the fact that nearly half the system lies in territories other than Southern Rhodesia—namely, Northern Rhodesia, Portuguese East Africa, Bechuanaland and the Union, and that, as shown by the recent report of Brigadier-General Hammond, a Commissioner appointed by the

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Secretary of State at the instance of the Southern Rhodesian Government, traffic originating or terminating in Southern Rhodesia itself yields little or no profit, the really remunerative traffic being the through traffic carried at contract rates between Beira and the Belgian Congo. On the other hand, it appears from the published account of the preliminary negotiations which took place in Rhodesia last February, that the Company in no way questions the justice of the claim of the Southern Rhodesian Government to have a reasonable measure of control and is chiefly concerned to secure a fair return on its capital and reward for its enterprise, together with a margin of reserve sufficient to enable it to raise fresh capital as required for the improvement of the system, and some participation in profits resulting from possible future prosperity. It is reasonable therefore to expect that as a result of the discussions now proceeding in London an equitable agreement may be reached. The Company has much to gain by the maintenance of friendly relations with the Government, and the Government on its side will naturally consider the damage to its credit which would follow the adoption of anything like a predatory policy, while the Imperial Government, having to decide whether Southern Rhodesian legislation on the subject can be sanctioned, and being directly responsible for Northern Rhodesia and Bechuanaland, two of the territories served by the railways, must naturally be concerned to see that a fair settlement is made.

It will be seen that so far as the limitations inserted in the Constitution are concerned, no insuperable differences have arisen. There has been continuity of policy as regards native affairs, there appears to have been no friction on the question of the mineral rights, and the question of railway control should be capable of reasonable settlement. In other respects the Colony is obviously making progress. The revenue for the financial year 1925-1926 was £1,839,000, including land revenue £147,000 as against

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£1,326,000 exclusive of land revenue for the year 1922-1923, and taxation has not increased. Administration is doubtless rather more costly than it was under the Company's régime and interest charges tend to grow. Capital expenditure on public works was, however, urgently needed and the fact that one of the chief complaints made by opponents of the Government is its failure to go in for a policy of lavish expenditure is an indication that the lesson in economy learned perforce under the Company's administration has not yet been forgotten. Progress has been made in agriculture and especially in the growth of tobacco, capital is available for ranching, and a fair number of new settlers of a good type are arriving. There have been complaints as to the inadequacy of the arrangements for their reception, but this defect will doubtless be remedied and the influx is likely to be helped by the unfortunate recrudescence of racial feeling in the Union as exemplified by the controversy about the flag.

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FOR the time being, the question of joining the Union is dead. In Rhodesia the financial position is satisfactory, there are no racial or language controversies, while the policy of the present Union Government as regards labour and colour questions, the imposition of high protective duties and the relations of the Union to the British Empire do not find any favour with Rhodesians. Those who advocated joining the Union in 1923 may feel that the political position there would to-day have been different and that the material position of Southern Rhodesia would have been improved if General Smuts' offer had been accepted, but feeling in the Colony is now practically unanimous, and though her ultimate destiny must almost certainly be inclusion in the Union, no movement in that direction is at present within the scope of practical politics.

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On the other hand, there are indications that the idea of amalgamating with Northern Rhodesia is gaining ground. This was proposed by the Company some ten years ago but the Colonial Office, though raising no objection in principle, declined to approve of the scheme in consequence of the opposition manifested by a majority of the elected members of the Legislative Council. Some of the then chief opponents, including the Prime Minister, are now members of the Government, and would appear to have changed their views. It has been stated that the question would be discussed with the Colonial Office during the visit of the Prime Minister to London, and as it appears that a member of the Legislative Assembly of Southern Rhodesia will attend the second annual conference of unofficial representatives of the East African territories,* which is to be held at Livingstone, Northern Rhodesia, next month, it is possible that more may be heard of the subject. Whether, however, the people of Northern Rhodesia, whose financial position and prospects have of late been greatly improved by the expansion of markets in the Belgian Congo, and by mineral developments in their own territory, would welcome a scheme by which either the whole territory or North West Rhodesia (Barotseland being excluded in either case) would be amalgamated with Southern Rhodesia seems more than doubtful. On the whole, therefore, it is probable that for a number of years to come Southern Rhodesia will be left to manage her own particular affairs. The result of the census taken this year showing a white population of some 39,000 was certainly disappointing, but there is, of course, no reason why in a country so highly mineralised, important discoveries, either of gold or base metals, should not be made at any moment, and in any case as the possibilities of tobacco growing (greatly helped by the stabilising of the British preference) become better known, and the quality

* The first Conference was held in October 1925 at Tsekuyu, Tanganyika.

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of the cattle raised improves, the farming population should steadily increase.

In such a small community satisfactory lines of political cleavage are not easy to find, and though such an overwhelming majority in the House of Assembly as the Government now commands is not an unmixed blessing, the party divisions of the future are difficult to foresee. It is somewhat unfortunate that in the existing Assembly a number of men whose capacity and experience would be of value, but who did not happen to belong to the Responsible Government party, have found no place. This, however, is obviously a temporary difficulty which, as the Union issue is no longer before the country, may right itself at the next general election.

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APPENDIX

The following schedule submitted to the Southern Rhodesian Land Commission, 1925, and embodied in its Report, compares the existing position in Southern Rhodesia with the figures for the Union shown in the Native Lands Commission's Report, 1916.

Area	Acres.	Native population therein.
Four Union provinces	302,658,782	4,417,665
Southern Rhodesia ..	96,226,560	813,947
Native reserves or locations	Union 23,630,077	1,929,604
	Southern Rhodesia ..	21,594,957
Mission lands and reserves	Union 1,139,423	516,335
	Southern Rhodesia ..	94,662
Native-owned farms	Union 2,120,855	Not given
	Southern Rhodesia ..	123,648
European lands (excluding urban areas)	Union 232,541,429	Not given
	Southern Rhodesia ..	1,611,495
Crown lands (not reserved for special purposes)	Union 31,033,050	150,650
	Southern Rhodesia ..	21,374,776
Crown lands (reserved for some particular purpose)	Union 42,774,799	121,105
	Southern Rhodesia ..	122,088
Urban areas	Union 18,118,474	—
	Southern Rhodesia ..	224,000
Recommended native areas (include reserves)	Union 3,733,743	537,151
	Southern Rhodesia ..	149,033
	Union 38,784,848	24,874
	Southern Rhodesia ..	In respect to whole territory.
		In respect to 78,433,260 acres of the territory.

Under the proposals of the Rhodesian Commission the total area of Southern Rhodesia, 96,226,560 acres, would be divided up as follows:—

For future determination.	17,793,300	Native Purchase Areas	6,851,876
		Semi-Neutral Areas..	80,329
Native Reserves ..	21,594,957	Land alienated to Europeans ..	31,033,050
Matopo National Park	224,000	Land still available for Europeans ..	17,423,815
Urban Areas ..	149,033		
Forest Area ..	670,000		

The neutral areas recommended by the Chairman and Sir H. Taylor amount to 1,099,870 acres, and their suggested two additional Native Purchase areas to 117,400 acres.

The above proposals would make the European areas approximately 62 per cent. of the total area dealt with and native areas 37 per cent.

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I. PARTY CHANGES

FOR over a year now the outstanding features of Indian politics have been the slow but inevitable disruption of the Swaraj party and the rising tide of Hindu-Mahomedan antagonism. The latter feature has long been sufficiently obvious to all who take even a perfunctory interest in Indian affairs, but it needed the definite stand of the so-called "Responsive Co-operators," in the last quarter of last year, against proceeding further with Pandit Motilal Nehru along the ancient ways of non-co-operation tempered with political opportunism, to make clear, even to Indian students of politics, that the Swaraj party, as founded by Messrs. Das and Nehru at the beginning of 1923, had served its turn and was now ripe for the museum of political antiquities.)

(Responsive co-operation is a term invented by the late Indian Nationalist leader, Mr. B. G. Tilak, and it means simply co-operation with the Government of Indian politicians, no matter how extremely Nationalist the latter's political views may be, when, and only when, the actions or proposals of the Government are clearly seen to be calculated to promote the welfare of India. This is a doctrine fundamentally different from that of automatic obstruction to all the doings of Government, which was the doctrine of the Swarajists when they entered the legislature after the elections of 1923. Readers of the March

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number of THE ROUND TABLE* will remember the description there of the slow drift of the Swaraj party away from this extreme position, and also the examples given of their participation, partly under the stress of circumstances, and partly under the duress of opinion in the country, in various Government measures. In fact, the basic ideas of responsive co-operation had found, between the end of 1923 and the end of 1925, increasing popularity in India, and therefore some of the Swarajist leaders wished to identify themselves with this changed state of feeling, to acknowledge quite frankly the ineffectiveness of the past policy of their party, and to claim for themselves, and to occupy, offices and places of influence and power from which they could play their part in controlling the Government machine. Pandit Motilal Nehru, however, preferred to stand in the old ways. In this decision he was influenced partly, no doubt, by certain extremists in his own party, and also by a natural dislike to having the party's policy dictated by, and himself forced to follow in the wake of, men whom he had hitherto regarded as followers and lieutenants. He had hoped that the Cawnpur meeting of the National Congress last December would overawe the Responsivists and bring them again under the discipline of the Swaraj party, but the net result of the meeting was to confirm their belief in the necessity and efficacy of their policy, whilst the main resolution which the Congress passed at Pandit Motilal Nehru's instance opened a breach between the Responsivists and the die-hard Swarajists which clearly could not be closed again unless one of the two sections abandoned its position completely and unconditionally. In effect, this resolution implied a return to that policy of complete non-co-operation which had been specifically dropped when the Swaraj party came into existence, for it involved a programme of civil disobedience all over India, and a boycott of the reformed legislatures, both central and provincial, unless the Indian Government, within a few

* THE ROUND TABLE, No. 62, March 1926, pp. 320-325.

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weeks, complied with the terms of a resolution which had been accepted by the Indian Legislative Assembly in February 1924, claiming complete responsible government forthwith. Of course, the Cawnpur resolution was utterly futile. Mr. Gandhi, at the height of his influence, when the non-co-operation and Khilafat agitations were in full swing, and the temporary Hindu-Mahomedan *entente* of those days showed something like a united front to the Government, could not induce the specially prepared inhabitants of one small part of one district to resort to civil disobedience. How, then, could Pandit Motilal Nehru, with not a tithe of his influence, and working in vastly less favourable circumstances for his purpose, bring about civil disobedience all over India? The other part of the resolution, that relating to the boycott of the legislatures, was an amazingly frank confession that the Swarajist policy of "wrecking the Reforms from within" had failed completely, and it gave the Responsive Co-operators the most potent argument which they could possibly adduce in proof of the necessity of trying their policy of working the Reforms and using them to the full for the political advancement of India.)

(Thus, the Indian National Congress of 1925 showed the Swarajists as political bankrupts and, naturally, the leaders of the other political parties in India, the Moderates and Independents, began to examine the possibilities of uniting their parties and the Responsive Co-operators in one all-embracing National party. Certainly the time is ripe for the formation of such a party, for no essential differences can be perceived in the ultimate objects of the three groups, or even in their political tactics.

Attempts to form such a party in India have been made on previous occasions since the inauguration of the Reforms, but the state of feeling in the country, particularly as shown in the support accorded to the ideals of non-co-operation and, later, of the Swarajists had prevented these attempts from coming to fruition. But now that the futility of

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these ideals had been demonstrated by the course of actual events, the desire for a definite union in one party of all shades of political opinion save the most extreme seemed to spring up spontaneously, and even before the Cawnpur Congress a meeting of the Indian Liberal Federation had shown how artificial are the lines which at present divide Liberals from Independents and both from Responsive Co-operators. The approaching session of the central legislature put a stop, for a time, to further efforts to form a grand National party, for of course much depended on the action of the Swarajists during the session and the fulfilment or otherwise of the Cawnpur resolution. It was still possible, although not very likely, that the Swarajist leader and the Responsivists would come to terms by one side or other surrendering on fundamental points at issue, and until this possibility had been ruled out the political situation remained too unstable to allow the foundations of the new party to be laid. But as the session progressed it appeared more and more probable that Pandit Motilal Nehru meant to carry out that part of the Cawnpur resolution which related to the boycotting of the legislatures, and probability became certainty when, two days before the date fixed for the beginning of the discussion on the detailed budget demands, the All-India Congress Committee met in the new Imperial capital and confirmed the resolution. Accordingly, the Swarajists took no part in the budget discussion, and on March 8 Pandit Motilal Nehru and his followers walked out of the Assembly after the Pandit had made a short speech declaring that he and his party had tried to co-operate with the Government and warning the latter that its failure to respond adequately to this co-operation would fill India with discontent. Swarajists in the Council of State and the Provincial Councils also walked out.

A fortnight later the Delhi session ended, but even within that short period it had become quite clear that the walk-out had produced no effect in the country. It was a complete and unredeemed fiasco and was a proof—if any

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further proofs were needed—that the constituencies are tired of mere play-acting and now want work and tangible results from their representatives in the legislatures. The defection of certain important members of the Swaraj party followed immediately, the determination of the leaders of other parties to form a united Opposition to the Government was strengthened by the fiasco, and efforts were at once set on foot to achieve the unity desired. On April 3 a large meeting attended by considerably more than a hundred well-known politicians from every part of India took place at Bombay. Moderates, Independents and Responsivists were all strongly represented, and after two days of important discussions the meeting ended in the formation of an Indian National party

to prepare for and accelerate the establishment of Swaraj or full responsible government in India, such as obtains in the self-governing Dominions of the British Empire, with due provision for the protection of the rights and interests of minorities and the backward and depressed classes.

Naturally it had not been easy to find a formula acceptable to all the members of the different schools of thought represented at the meeting, and both the right wing, represented by the Moderates, and the left wing, represented by the Responsive Co-operators, had been obliged to concede something in order to make the above agreement possible. Among the concessions made by the Moderates was their adherence to the promotion of individual or group resistance to authority for specific objects in particular localities on particular occasions. On the other hand, the Responsive Co-operators agreed to abandon civil disobedience and non-payment of taxes as a political weapon. The new Nationalist party therefore agreed to work the existing Constitution, to accept offices and to take the fullest advantage of the opportunities afforded by the 1919 Act to bring about as quickly as possible a set of circumstances which would necessitate further constitutional changes of the kind

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desired by the majority of the classes in India who take an interest in politics.

Pandit Motilal Nehru at first affected to despise the new party, but he clearly realised that without the Responsivists and those Swarajists who had left him after the fiasco of March 8 his party would be neither very strong numerically nor particularly respectable. He therefore determined to make another effort to come to an arrangement with the Responsivists, and to this end spoke of them in flattering terms at a meeting which he held in Lahore about a week after the Bombay meeting. He also resumed negotiations with them, which resulted in a decision to hold a joint meeting of Responsivists and die-hard Swarajists on April 21 at Sabarmati, a suburb of Ahmedabad in the Bombay Presidency. This meeting was well attended. The main topic of discussion, of course, was the Cawnpur resolution, and the agreement which was reached at this first Sabarmati meeting represented a complete triumph for the Responsivists. For it was agreed that the response to be made by the Indian Government to the Legislative Assembly's resolution of February 1924 should be considered to be satisfactory in the provinces "if the power, responsibility and initiative necessary for the effective discharge of their duties are secured to Ministers." The Swarajist members of the Legislative Councils of the provinces concerned were to judge whether this condition had been fulfilled, and their judgment would then be confirmed by a committee consisting of Pandit Motilal Nehru and Mr. Jayakar, one of the Responsivist leaders. This agreement, of course, was hopelessly vague and was obviously meant to be so. It is not surprising, therefore, that it was interpreted in a number of widely different senses. It was besides denounced by several well-known Swarajists, who resented the surrender to the Responsivists which the agreement apparently implied. Pandit Motilal Nehru took pains to deny that he had changed his policy in order to win back the Responsivists to his party, and in one of

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his explanations of the Sabarmati pact he laid down there conditions for its ratification which, in effect, demanded the complete independence of provincial Ministers from control by the executive Government. Such meaning as can be gleaned from the words of the original pact is one which could not, by any stretch of the imagination, fit in with the Pandit's three conditions, and very soon it became clear that the pact would have to be defined and agreed to all over again. A meeting of the All-India Congress Committee had been arranged for the beginning of May to confirm the pact, but of course the storm of controversy which had swept the Press since the Sabarmati meeting of April 21 had put any merely automatic confirmation out of the question. And when, before the meeting of the Congress Committee, a draft of the Sabarmati pact, issued by Pandit Motilal Nehru, was stigmatised by Mr. Jayakar as a travesty of the original pact, all chances of agreement between Responsivists and Swarajists completely disappeared, and the cleavage between them became to all appearances wider than ever. Thus, the Indian National Congress is left in the hands of a small and dwindling band of extreme Swarajists and at present cannot reasonably claim to be either Indian or national.

Such have been the broad movements of Indian politics during the past six months. The break up of the old Swaraj party has become an accomplished fact, and at the moment of writing the All-India National party is in being, vague and indeterminate though its bounds, its platform and its composition may be. The next elections to the Legislative Assembly and the provincial Legislative Councils will test its vitality and solidarity. But inevitably, as one thinks of the elections, the question which forces itself insistently on the mind is this—will any label influence the electors except the communal label, and will not candidates be elected according to the strength of their communal bias and not according to their Swarajist or National party affiliations? For, at the moment of writing, India lies

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under the shadow of communal antagonism which, after growing steadily in intensity for four years, has now culminated in an orgy of riot, murder, arson and loot of which the end cannot yet be seen.

II. THE HINDU-MAHOMEDAN PROBLEM

IT is a melancholy task to review the communal outbreaks of the past three months, yet it is one which must be faithfully performed if readers outside India are to understand the appalling gravity of the present state of Hindu-Mahomedan relations which now engrosses attention in this country and is the outstanding feature of public life.

It is not necessary to detail here the minor incidents of the first three months of 1926. It was obvious during that time that the strain on Hindu-Mahomedan relations was growing steadily, but neither officials nor non-officials expected it to result in the appalling tragedy of the Calcutta riots, which began in the first days of April, died down within a week, and then broke out again more fiercely than ever on April 22 and lasted till the end of the month.

The first phase of the riots started with a quarrel between some Mahomedans and the members of an Arya-Samajist procession. Normally the trouble would have ended with the dispersal of the rioters and the arrest of the ring-leaders, but in the existing state of communal feeling this affair proved to be a spark in a powder magazine. At once Hindus and Mahomedans attacked each other over large areas of Calcutta, and on April 5 the police found themselves faced by a determined mob on which they had to fire. This, however, was the only occasion during the first stage of the riots when the police came into collision with a large mob, but sporadic outrages multiplied and street fighting between small groups was continuous until about April 7 or 8, when the police managed to restore order.

The Hindu-Mahomedan Problem

Some fifty persons were killed on both sides during these few days and probably not less than five hundred were wounded. A dangerous situation was caused by the occurrence of a Hindu festival on the 13th of the month and the Mahomedan festival of the Id on the 14th. However, owing largely to extraordinary exertions by the police, the peace was kept during these two critical days, and public confidence was gradually returning when an obscure street fracas between one or two Hindus and Mahomedans started the trouble all over again. This second phase of the riots was more serious than the first, since it lasted over a longer time, was responsible for a greater number of deaths, caused a partial breakdown of certain municipal services essential to public health and comfort, and also seriously hindered business operations. For six days fighting continued between individuals or small gangs of the two hostile communities, and on at least a dozen occasions the police had to resort to the use of firearms to disperse crowds. However, the deputation of a number of British soldiers to act as police sergeants and organised police raids in the disturbed areas, combined with the free arrest of hooligans and the seizure of weapons, brought the situation under control and normal conditions had been restored by the beginning of May. But within the two short periods of disturbance over a hundred persons had been killed, and probably not far short of one thousand had been more or less seriously injured. A particularly disquieting feature of the first phase of the rioting was the desecration of mosques and temples, whilst the large number of isolated assassinations and murderous assaults during both the earlier and later outbreaks, and the distribution of inflammatory handbills, induced a common belief that there were money and organisation behind the riots.

These deplorable events naturally violently affected the public all over India, and caused immediate and immense deterioration in the communal situation. It was unfortunate that the Khilafat Committee and the Hindu

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Mahasabha had arranged to hold meetings on May 8 and 10 respectively, for in the circumstances it would have been almost more than human behaviour had the delegates to these meetings not adopted a strongly communal attitude towards the Calcutta riots and the prevailing state of tension. For the first time since its birth, the Khilafat Committee decided that its chief duty was towards Mahomedans inside rather than outside India. Resolutions passed at the meeting of May 8 related to the promotion of the welfare of Indian Mahomedans in all their varied activities, and to measures for protecting individuals, including the conduct of law-suits on their behalf. The Hindu *Mahasabha* strongly condemned the attacks made by Mahomedans on the persons, property and places of worship of Hindus, and attributed the Calcutta riots to the provocative conduct of certain Mahomedan leaders. Obviously, neither of these meetings was calculated to improve the state of affairs. Already the situation was tense in such great cities as Delhi, Allahabad, Lucknow, and in various other places in the Punjab, the Bombay Presidency and the Central Provinces. Throughout a great part of Bengal swept a wave of mosque and temple desecration and iconoclasm which kept communal feeling in the provinces dangerously inflamed, and from end to end of the country the Press of the two communities broke into mutual recriminations and accusations. In numerous places an immense strain was thrown on to the authorities, but no important breach of the peace occurred until the night between June 14 and 15, when a fierce affray took place at Rawalpindi between Mahomedans on the one side and Sikhs and Hindus on the other. As in Calcutta, the immediate cause of the riot was the passage of a procession with bands playing in front of a mosque on June 13. The procession in this instance was composed of Sikhs, and the resentment felt by Mahomedans at their refusal to stop their music while passing the mosque broke out the next night in a number of incendiary fires and isolated attacks on individuals. No

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hostile crowds came into contact, and the police and some British infantry restored order before morning. But fourteen persons had been killed and about fifty injured during this short space of time, whilst very extensive damage had been done by fire to stocks of grain and private property. That no rioters were killed or wounded by the police or military during the speedy restoration of order speaks very highly for the skill and moderation with which they were handled.

A very disquieting incident arose out of the Rawalpindi riot. This was an attack on a village called Saidpur, in the Rawalpindi district, by a large band of Mahomedans, estimated at 300 strong, who killed two Hindus and did much damage to Hindu property in the village. But, here again, the police acted promptly and the menacing incident was not repeated.

The Rawalpindi riot fell at a bad time, for just a week later, on June 22, the great Mahomedan festival of the *Baqrah Id* was due. *Baqrah Id* means literally "cow festival" and is the time when Mahomedans sacrifice animals, preferably cows, as part of a great religious festival. It is impossible for any European to appreciate the strength of Hindu feeling on the subject of cow slaughter, but it is certain that to Hindus it is a gross act of sacrilege, and is as bitterly resented by them as a blasphemous travesty of one of the Holy Sacraments would be resented by a deeply religious Christian. Thus, even in normal times, the *Baqrah Id* is full of the possibilities of trouble between Hindus and Mahomedans, and this year, of course, these possibilities were immensely magnified. The dangers of large scale communal rioting were most serious in Delhi and Allahabad, and in both these places extraordinary precautions were taken by the authorities to prevent an outbreak. Elsewhere, too, wherever there was a likelihood of trouble, the authorities put forth their utmost efforts to keep the peace, and, in the result, the *Id* was almost free of untoward incident, and no very serious clashes occurred.

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The actual days of the Id passed at Delhi without trouble (except, indeed, to the police and soldiers who were on duty night and day in the fierce heat), but on the morning of the 24th a rumour spread that some sacrificial cows were being taken along a certain route. At once excited crowds gathered, but were kept in check and pacified by the police. As the crowd was dispersing, a horse took fright and bolted, knocking a man down. The hubbub which ensued gave the impression that a riot had started, and Hindus and Mahomedans thereupon went for each other with sticks and stones. Again the authorities speedily restored order, but not before two men had been killed and about forty injured.

At Allahabad also the actual days of the Id passed off peacefully, but news of a communal riot in a village a few miles away gave rise to high feeling, and on June 24 various obscure quarrels developed into a series of sporadic outbreaks in which one man was killed and about a score wounded. The overt trouble was ended by the wholesale arrest of hooligans, but the disturbed state of the city has necessitated the imposition of extra police for the period of one year.

Elsewhere during the days of the Id there were a number of communal riots, but there is no need to detail them all here. It suffices to say that practically nowhere were the authorities free from anxiety, and a peculiarly unhappy feature of the present situation is that riots have occurred and communal tension is now acute even in the villages which hitherto have been mostly free from such manifestations. As these words are written, in the first week of July, a fierce riot is proceeding in the important town of Pabna and its neighbourhood in Bengal. No reliable statement of the casualties is yet to hand, but the affair is apparently one of major importance. And from other towns and villages come reports of strained relations and possible riots. Communal trouble hangs over India like a black cloud, none knowing where it is going to break next.

What is the reason for these widespread and murderous

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outbreaks of communal hatred ? Certain religious, social, economic and political causes of difference between the two communities are on the surface and are well known and widely recognised. They are not essentially different from what they were a year ago, or two or three years ago. Why, then, should the old antagonism assume such appalling proportions at this time ? We may probably dismiss the idea that these riots are due to any regular organisation, even where, as at Calcutta, they last for several days and are accompanied by the distribution of inflammatory leaflets. There are always bigots on both sides who rejoice in injuring those who belong to a different religion, and, of course, the hooligan elements profit by the continuance of disorder. Indiscreet utterances by leading men and by newspapers may inflame feeling and accentuate the circumstances which favour communal friction, but the writer believes it is quite wrong to say that any man of standing on either side has deliberately tried to provoke any of the troubles which have occurred during the past three months. Everywhere in India the nerves of the two communities are on edge and feeling is inflamed. Every clash which occurs makes nerves still more jumpy and increases passion. Thus the most ordinary actions, like the playing of music by Hindus within sound of a mosque, or a common dispute between a Hindu shopkeeper and a Mahomedan customer, is now sufficient to precipitate a brawl which spreads into a series of outrages on individuals over a greater or lesser area, and, flashed all over India by the telegraph, is magnified by the prevailing state of tension, and produces repercussions and further troubles in the most remote parts of the country. The strain on the authorities is great, but they are bearing it splendidly; and when the prevailing passions ebb and the relations between Hindus and Mahomedans become once more normal, it will have to be realised that if wide areas of India have been saved from the horrors of anarchy and slaughter, it is to the devoted labours of district officers, policemen and soldiers that this result is due.

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III. SOME REFLECTIONS

SUCH is the narrative of surface events in India since the beginning of this year. For the present, extreme opinions in politics seem to be in disfavour, and once again it may be hoped that the new Constitution has a chance of being worked something after the manner in which its creators hoped that it would be worked. An All-India National party is at any rate in the first stage of formation and its members are pledged, on the whole, to methods of constitutional opposition to and co-operation with the Government. So far, good ! But, on the other hand, India is torn by the fratricidal strife of her two greatest communities, and where sagacious leaders would unite, the masses would divide, would nourish hatred for their neighbours, and seize sectarian benefits rather than national good. The November elections will, unless present indications are belied, provide the battleground for the opposing ideals of national unity and particularist interests. One is tempted to prophesy, but India has the habit of making prophets look foolish. Therefore, one can only hope that within the next four months communal antagonism will have so far decreased that those who would unite their forces in order to work together for India's welfare, as they conceive and desire it, will be able to have a straight fight with that party which would destroy the Constitution. For, if the elections are fought on a communal basis, that is, if in the Mahomedan and non-Mahomedan constituencies candidates are elected, not because they are of the National or of the Swarajist party, but because of the strength of their communal bias, then it is difficult to see what case for further constitutional advance India's spokesmen are going to be able to put before the Royal Commission of 1929. It is easier to be pessimistic than hopeful when one is discussing the Hindu-Mahomedan problem in India, and the writer has tried

Some Reflections

to avoid gloomy prognostications throughout. Yet it must be borne in mind that Hindu-Mahomedan antagonism differs fundamentally from the causes of the two great storms which swept India in the years after 1919—the non-co-operation and the Khilafat movements. For those arose out of temporary circumstances and temporary influences, some of which were not peculiar to India, and as these circumstances and influences waned, so did the movements to which they gave rise. But the antagonism between Hindus and Mahomedans has its roots deep in history and in religious, social, political and economic causes, and hitherto the progress of events since 1921 has appeared only to sharpen the antagonism and extend it to more points of contact. This does not mean that the problem of uniting Hindus and Mahomedans into one nation is insoluble, but it does mean that it will not be solved by the mere efflux of time, or by pacts between groups of either communities, however influential or representative these groups may be, or by concessions or surrenders on the one side or the other. At some time or other, and the sooner the better, Hindus and Mahomedans have got to begin to work together on local self-governing units and in the provincial and central legislatures, to achieve practical results in programmes designed to benefit both communities. Of pious resolutions, verbal declarations and mere expressions of hope we have had far too many during recent years. The only hope of an enduring improvement in communal relations in India lies in common work for the common good, and such work is ready to the hand in the central and provincial legislatures, in municipalities, district boards and village *panchayats*. Vastly the greater part of this work will be obscure, will be dull routine and will not raise those who do it to fame or places of power. But it will be “nation-building” work in a very real sense, and perhaps the greatest justification of the Reformed Constitution is to be found in the opportunities and the power which it provides for such work to be done.

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IV. THE DELHI SESSION OF 1926 AND THE FINANCIAL SITUATION

IT is a relief to turn from this sombre topic to a discussion of one or two features of the Delhi session of the Indian Legislature. Nothing like a complete account of the session will be attempted here, for that deserves a whole article to itself. The work of the central legislature during this year may be more fitly appraised after the end of the Simla session which opens on August 17, when, too, the time will have come to review the whole momentous history of the second Legislative Assembly which expires this year. If there was something disappointing, there was also much that was encouraging in the events of the recent session at Delhi. Some valuable legislation was achieved; in particular, the Indian Trade Union Bill, which will promote the healthy growth of the trade union movement in this country, was passed into law, the formation of the Royal Commission on Indian agriculture was announced, as also was the decision to take the first step towards the creation of a Royal Indian navy, which will have the privilege of flying the White Ensign. These and other things are of immense interest and importance; but they must be passed by for the present and one or two of the more important points in connection with Indian finance discussed instead.

It is unfortunate that interest in Indian affairs tends to centre chiefly in exciting happenings in this country and in the more spectacular side of merely political events, in riots and natural catastrophes, for example, in the behaviour of the Swarajists in the Assembly, or in a clash between the Government and the Opposition over a resolution for the immediate grant of responsible government in India. All these things have their importance as well as their interest, but they obscure much that is of more vital concern for the political and economic future of India and the welfare of her people.

The Delhi Session of 1926

If, therefore, those who purvey Indian news to the public, both in this country and elsewhere, had concentrated their attention on the most vital developments of the past few years, it is possible that the greater part of their news would have been concerned with the revolution which has taken place in Indian finance during that period. Revolution is a strong word to use, for, as applied to affairs of State, it means something more than the normal changes which the passage of time naturally effects. It implies an effort, even a violent effort, to accelerate the stately turn of the wheel of events, or even to set it spinning in another direction. The change in the state of Indian finances which has been completed during the past three years is, therefore, correctly described as a revolution. For it is the result of wise and determined effort directed towards turning the course of events, which was moving towards the gravest financial embarrassment for India, and setting it in exactly the opposite direction, where financial stability and surpluses are to be found.

When introducing his first budget on March 1, 1923, Sir Basil Blackett used these words: "For five years in succession India has had a deficit. The accumulated total of these deficits amounts to no less than 100 crores* (of rupees). . . . Moreover, besides the deficit of the central Government, the recurring deficits of the provincial Governments and of many local bodies throughout India must not be forgotten." He dealt adequately with the evil consequences of this rake's progress, and thus early in his connection with India's finances he showed himself in the rôle of a skilled physician, ready to treat his patient's disorder, and determined to use the sharp instrument of taxation if his diagnosis showed it to be necessary. After discussing ways and means and revenue and expenditure for 1923-24, he said:

Our conclusion, therefore, is that we must ask for some increase in taxation. . . . It was a great disappointment to me that new taxation is needed at all. . . . The credit of India is in jeopardy. It is already

* A crore is ten million.

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under the cloud of the deficits of the last five years. But India's financial record has been so good for decades preceding these five years, that hitherto the damage is not irreparable. The world has trust in India's record and has felt sure that the era of deficits could only be a passing phase. It is our duty to-day to justify that trust. . . .

Such was the state of affairs at the beginning of 1923. What is the picture drawn by Sir Basil Blackett three years later, in March, 1926? Its chief features are a surplus of revenue over expenditure, large economies effected, particularly in military expenditure, and great improvements in financial machinery, whilst the background against which these features are seen is a general financial position the strength of which can be gauged from the progressively falling rate of interest at which the Indian Government loans have been taken up. In 1922 the Government borrowed at the rate of 6 per cent., tax free. In 1925 their conversion issues were offered at 5 per cent., tax free, or $5\frac{1}{2}$ per cent., subject to tax, whilst the rupee loan issued at the end of May this year was offered on a basis of $4\frac{1}{4}$ per cent., tax free, or $4\frac{3}{4}$ per cent., subject to tax. This year is the third year in succession in which the issue of an external loan has been avoided, and of the total amount of the recently issued rupee loan—22 crores—only two crores represents new money, which is less than the amount needed to pay off external debt in London. The remaining twenty crores will be for the renewal of the bonds maturing next September. Again, during 1925-26, instead of borrowing over 7 crores net in the market, as anticipated in the budget statement, the Government of India have discharged two crores net of market debt in India, and have paid off 5.7 crores of market and other debt in England. In addition to this, they have financed during the year ending March 31, 1926, new capital expenditure amounting to thirty crores without recourse to market borrowing. During the year 1925-26 unproductive debt decreased by 23.82, and now the whole of India's rupee debt and more than half of her sterling debt is productive.

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At the end of the speech in which he introduced the Indian budget for 1926-27, on March 1 this year, Sir Basil Blackett said: "I ask those who profess unending dissatisfaction with the Reforms and denounce them as a sham, and the Government as insincere and unresponsive, does the financial story of these three short years justify depression and despondency?" To this question every unbiased observer will return an emphatic negative.

The amazing betterment of Indian finances recorded above, like most other great achievements, owes something to luck—in this case a series of good monsoons—but infinitely more to skill, determination and clear thinking. During the past three years the financial machinery of India has been overhauled and immensely improved. Undoubtedly the greatest improvement has been the separation of railway finance from general finance, to which the Legislature gave its consent during the Simla session of 1924. Previously, the annual allotments for railway expenditure were determined by the state of the general finances, not by railway requirements. The main evils of such an arrangement are at once apparent—namely, the introduction of an element of uncertainty into the finances of the country, and the impossibility of planning and carrying through a consistent scheme of railway development, since railways could not be financed as a business undertaking. The committee under Sir William Acworth, which carried out a thorough investigation of the Indian railway system during the winter of 1920-21, pointed out these defects and, after considerable discussion of the Committee's report, a scheme was devised whereby the Indian railways should, on the one hand, make an ascertained annual contribution to the general revenues, and, on the other, should have the advantages of their own budget. The details of this settlement need not concern us here. They were fully thrashed out in the Indian Legislature, which at first viewed them with suspicion, as calculated to impair the degree of control which it

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and which may be at least informally discussed at the Imperial Conference.

There has been a tendency of recent years, the natural outcome of the changing relations between Downing Street and Ottawa, Melbourne, Pretoria and Wellington, and of the rise of national spirit overseas as a result of the war, to lose sight of the great importance of the constitutional function which the official head of the State or his deputy performs under the British Parliamentary system. It has been the fashion to regard the Governor-General—and also quite generally the King—as a mere figurehead discharging purely social or non-political functions, and the office as one which can appropriately be filled by persons who have no political experience and no training in constitutional practice. This, we feel, is a profound mistake.

The British Parliamentary system cannot work without a responsible person discharging the functions of the Crown. Quite apart from the more formal and official side of his work as head of the State, the King or the Governor-General is from time to time called upon to discharge political functions of the first importance. He is, in fact, the only bulwark which exists for protecting the people against an abuse of power by their elected representatives in the Cabinet or Parliament. It is sometimes urged that the function of the Governor-General—or the King—is invariably to act upon the advice of his Ministers until they tender their resignation, when he comes forward and, acting on the advice of the outgoing Prime Minister, invites some other party leader to form a Government, continuing to act upon the advice of those whom he consults until a lawful Government has once more been constituted. That is a complete misapprehension of the constitutional position. The head of the State is obliged to act upon the advice of his Ministers on all ordinary occasions, but he is no less constitutionally bound to reject it on others. For instance, supposing a Cabinet and a majority of the legislature presented for the signature of

The Delhi Session of 1926

Some fifty persons were killed on both sides during these few days and probably not less than five hundred were wounded. A dangerous situation was caused by the occurrence of a Hindu festival on the 13th of the month and the Mahomedan festival of the Id on the 14th. However, owing largely to extraordinary exertions by the police, the peace was kept during these two critical days, and public confidence was gradually returning when an obscure street fracas between one or two Hindus and Mahomedans started the trouble all over again. This second phase of the riots was more serious than the first, since it lasted over a longer time, was responsible for a greater number of deaths, caused a partial breakdown of certain municipal services essential to public health and comfort, and also seriously hindered business operations. For six days fighting continued between individuals or small gangs of the two hostile communities, and on at least a dozen occasions the police had to resort to the use of firearms to disperse crowds. However, the deputation of a number of British soldiers to act as police sergeants and organised police raids in the disturbed areas, combined with the free arrest of hooligans and the seizure of weapons, brought the situation under control and normal conditions had been restored by the beginning of May. But within the two short periods of disturbance over a hundred persons had been killed, and probably not far short of one thousand had been more or less seriously injured. A particularly disquieting feature of the first phase of the rioting was the desecration of mosques and temples, whilst the large number of isolated assassinations and murderous assaults during both the earlier and later outbreaks, and the distribution of inflammatory handbills, induced a common belief that there were money and organisation behind the riots.

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GREAT BRITAIN : THE COAL PROBLEM

THE coal stoppage of 1926 may well prove to have been, at present values, the most expensive episode of industrial warfare in British history. One distinction, in any case, it should retain without difficulty. We are never likely to see a quieter, drearier, or more exasperating exposition of the futility of force applied to economics. A fair mind cannot make the miners wholly or even mainly responsible for the beginning of the trouble. The owners have never contributed to a settlement more than the reluctant minimum. The Government is not free from reproach any more than the principal parties. If, however, the others have made mistakes the men's leaders have more than matched them. With every week of the struggle their responsibility has grown heavier. The root cause of it, by universal consent, was economic. The coal trade came to a standstill because, at the level of costs prevailing, it could not continue. The owners and the Government have had proposals to make, however incomplete and inadequate, towards meeting the economic difficulty. The miners have had none. In effect they went on strike for a subsidy. In economics the policy was bad. As a matter of tactics it was, if possible, worse. The defeat of the General Strike settled the subsidy question. After that, every week of the stoppage, eating more deeply into the wealth of the country, made it more and more difficult for the Government to grant a subsidy, even if it had been weak enough

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exhaust more obduracy before they reach reason than any other kind. The influence of public opinion filters through slowly. There is a long tradition of hard fighting on either side of the industry. The nature of the work groups the miners and their families apart—a community within a community. Together they represent, in Great Britain, one-twelfth of the nation. Their preponderant numbers have always assured them power and the sense of power in the councils of trade unionism, and they have never been patient of advice from Labour colleagues. When they cease work, it is in the knowledge that they cannot be “blacklegged.” We have seen what volunteer labour can do to keep railways and power stations going. No one suggested trying it in the mines. All these things make a strong foundation for the famous loyalty of the miners, itself expressing pride of calling and comradeship in a “mystery” of peculiar character and special risks, by no means without the heroic element in its history. Nowhere in industry is the appeal to the workers to come out and stay out likely to meet with a completer or more dogged answer, irrespective of the chances of success. In this dispute it was replied to with more than ordinary determination in certain districts. Scotland, Durham, Northumberland and South Wales drew heavily on the subsidy while it lasted and had the most to fear from a nearer acquaintance with the present aspect of economic truth. But even in other districts, where the difference between the subsidised and the unsubsidised wage was less alarming, and discontent with the empty policy of no surrender was quicker to show itself, the resistance has been the same. In Warwickshire, where the owners offered an eight-hour day and an improvement on the wages in force before the stoppage, some of the miners were induced to return to work, but the great majority stood loyal to their leaders. What the mining districts have suffered in the lack of employment and earnings is disputed. Strike pay gave out almost at once.

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Savings have been spent and debts accumulated, and there has been no money for clothes. But Labour speakers who have talked of hunger and starvation in the coal fields have gone beyond the facts. There has never been a coal strike in which more has been done, by the guardians, by the education authorities and by the voluntary aid of the Labour movement and the public, for the relief of distress. Food has not been among the necessities lacking and the miners' children have been in general well looked after.

I. THE COURSE OF EVENTS

THE first phase of the coal stoppage was over by May 31. The General Strike had collapsed. The miners were left with the Samuel memorandum and the offer from the Government which followed it.* When they rejected both, the Government “regained its freedom for all purposes.” In particular the offer of any further subsidy lapsed with the end of the month. When the House met again on June 1 Mr. Baldwin largely qualified the abrupt effect of the decision. He explained that he still stood by the Report, that he had not ruled out the purchase of royalties or the introduction of municipal selling, and that he was even prepared to continue financial assistance from the State, if a settlement could be reached. This was practically a repetition and an enlargement of the offer withdrawn on the previous day. It met with no better response from the miners.

The next move came from the owners. On June 3 they invited the miners' leaders, then on one of their periodic visits to the continent in search of support, to meet them and reopen negotiations. The meeting took place on June 8. The owners stressed the necessity for longer hours if the industry was to be put in a position to pay

* THE ROUND TABLE, No. 63, June 1926, pp. 568-571 and 582-585.

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its workers and its way. The miners retorted with a suggestion that did their cause no service. They proposed that selling agencies should be set up, the men to be represented on them, and that the agencies should fix prices at a level high enough to maintain the April wages. They were prepared to admit that the sale of coal would probably fall by half and to face the wide and permanent spread of unemployment in the mines, not to speak of unemployment in other industries. They considered that, if the coal export trade was a national necessity, it should be maintained by a subsidy. This ruthless programme of wages for the few and the "dole" for the many did not increase sympathy for its promoters with the general public, still less with Labour, already experiencing a foretaste of what was proposed for it in the doubling of the unemployment figures since the strike.

There was no further move for some days. But during all this time, while the deadlock between the official representatives of the parties was complete, it was being freely played upon by unofficial suggestions of all kinds. There appears to be no one of those accustomed to write to the Press who has not had a certain cure for the coal trouble. The most important and responsible suggestions were those forthcoming from Mr. Varley, M.P. for Mansfield and agent for the Nottinghamshire miners, Mr. Frank Hodges, the former Secretary of the Miners' Federation and present Secretary of the International Miners' Federation, and Sir Alfred Mond, one of the most prominent and progressive of industrialists and mine-owners. Mr. Varley—representing, as it is only fair to his colleagues to remember, one of the more fortunate coal districts—boldly proposed that wages should fall from $33\frac{1}{3}$ to 25 per cent. over the 1914 rate for a provisional period ending with the year, with no change in the subsistence wage and a Government guarantee to the owners against loss. Mr. Hodges, who has all along considered an increase in hours to be preferable to a drastic cut in wages, recommended a longer working day

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and a loan to the industry for reconstruction on the security of a five years' truce. Both these suggestions and their originators came in for fierce denunciation from Mr. Cook. Mr. Hodges was threatened with the loss of his position as Secretary to the International Federation. Mr. Varley was deprived of his seat on the Miners' Executive by the Nottinghamshire men, though he regained it subsequently.

Sir Alfred Mond's scheme has found a good deal of favour with Labour, which has no little respect for his industrial ability. It was a crude and partial version of this plan that the miners' leaders put before the owners at their meeting on June 3. The plan aims at the better commercial organisation of the coal industry on the lines which have been followed in Germany. It proposes district selling organisations embracing all the coal producers in each area. These would control and market the whole output of the districts. They would determine selling prices, in conjunction with Germany when necessary, and promote the amalgamation of mines and the development of all the potentialities of coal. Unlike the miners' plan, the object of Sir Alfred Mond's selling pool is not to extract excessive prices from the consumer but to introduce economy and stability into the coal trade. There would be special safeguards for the consumer's interest. The principal spokesman for this plan among the miners' leaders has been Mr. Vernon Hartshorn, who, like Sir Alfred Mond, sits for a South Wales constituency. Both are included in a Committee now sitting to investigate it as part of the Government's policy for the reorganisation of the mines.

These unofficial suggestions and various attempts at negotiations behind the scenes led to no immediate result. But the effect of discussion and of the miners' own refusal either to consider the wage-cuts in front of them or any alternative for avoiding or mitigating them was to throw upon the Government the responsibility of taking some

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action and to bring into the foreground the question of hours which the Coal Report had left to the decision of the men. It was known about the middle of June that the Ministry of Labour was in consultation with the mine-owners. On June 15 the Prime Minister announced a new turn of Government policy in the House of Commons. He said that it had proved impossible to secure agreement between the disputants, and that the Government would introduce legislation on its own account in order to facilitate a settlement. The Government was unwilling to contemplate the hardships arising from a wage-cut sufficient to keep the majority of mines at work after the end of the stoppage or the amount of permanent unemployment that would be caused if wages were not cut by an amount sufficient for that purpose. The first article of their new programme was therefore to be legislation, not to supersede the Seven Hours Act, which would remain on the statute book, but to allow of a variation up to eight hours for a period of five years. The rest of it was to be legislative and administrative action designed to carry out the recommendations of the Royal Commission concerned with the search for minerals, amalgamation, pithead baths, the restriction on the recruitment of new labour for the industry, the National Fuel and Power Council, Pit Committees, Housing Committees, profit-sharing schemes and family allowances, and selling syndicates.

Mr. Baldwin explained that before he would consent to the introduction of what has been commonly called the Eight Hours Bill he had obtained information from the owners as to the best terms they could offer with its assistance. It appeared that for more than half of the men employed it would mean the full maintenance of the April rates, and, for the rest, reductions not exceeding ten per cent. After that wages would be fixed by the existing method of ascertainment revised by the owners in accordance with the requirements of the Royal Commission.

The Bill "permitting" variation from the Seven Hours

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Act was received with dismay by the Labour party in Parliament. It was resolved to offer it the most determined opposition. Mr. Hartshorn and other of the more moderate miners' members declared that the stoppage would last for weeks more before the men would consent to part with the shorter day. Mr. Herbert Smith, the titular head of the Miners' Federation, said that he was ready to face everything in the Report, but that he would choose lower wages before longer hours if there was to be a choice. Mr. Cook said that he would not continue in his position if the miners themselves consented to lengthen the day. The outburst, perfectly genuine, was apt to cause surprise, equally genuine, to "bourgeois" observers. It has seemed to some commentators a more natural thing that the men should prefer to work a little longer than earn a great deal less. They forget that the extra hour of leisure represents to its possessors the permanent achievement of trade union organisation and effort. A gain in wages is won to-day and lost to-morrow. The other, in the eyes of the trade unionist, is a conquest, in the advance towards higher standards, of the same kind as the franchise or the modern education system. A majority of miners, certainly of the younger miners, would probably support Mr. Cook in saying that "hours are far more important than wages, for wages fluctuate with the cost of living, and the wage to-day may not be related to the purchasing power of to-morrow, but long hours fill the cemeteries." The last words refer to the belief that longer hours underground increase the casualties of mining.

Reluctant as they are to consider longer hours there may be no other way of meeting the force of events, not least among which is now the long stoppage itself. Otherwise, apart from a terribly severe sacrifice from wages in nearly all districts, the best hope they can have is that delayed demand will keep the mines busy till the end of the year, and that then some change will have turned up. Even so, the remoter effects of an increase in hours are disputed by

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economists. The Coal Report did not recommend an increase of hours. It advised the Government to legislate for it if the men themselves preferred to make all or part of their sacrifice this way. It warned them against the possibility that unrest and absenteeism might wipe out the apparent gain if hours were lengthened against the wishes of the men. It calculated that the addition would "make the working day of the British miner longer by half an hour to an hour than that of miners in any European coalfield of importance, except Upper Silesia," and it saw that there was nothing to stop our foreign competitors following suit. It then considered the possible saving in costs of production.

The calculation assumes that each miner, on an average, will produce about one-eighth more coal in the longer day than in the shorter. This means either that the total output of coal will be increased by about one-eighth, say, 30,000,000 tons or more, the number of miners remaining unchanged, or if the total output is to remain unchanged, that the number of miners employed will be reduced by about one-ninth, say 130,000 men. . . . Looking at the first alternative, while it cannot be said that there is no possibility of ever finding a market for 30,000,000 more tons of coal than at present, it is exceedingly difficult to suggest where that market is likely to be found in the near future. . . . In any case . . . any apparent saving of costs through the lengthening of working hours, if the same number of miners are to be kept in employment, cannot be a net saving; part of the initial saving, and perhaps a large part, must be surrendered by the mining industry, in lowering the price so as to find a market for the increased supply.

The second alternative is that the total output may remain the same, but be produced at a lower cost by one-ninth fewer men; that is to say, by adding something like 130,000 persons to the number of unemployed miners, which in 1925 was already very great. . . . There is a heavy loss, in unemployment and distress and expenditure to relieve distress, which must be set against the apparent gain. . . . If now, at a time of extreme depression, when the supply of coal exceeds the demand this process [of shortening hours and reducing total output] is reversed . . . large numbers of the men drawn in since 1919 will be forcibly expelled from the industry. . . . The increase of working hours now, so far from being a self-evident part-solution for the coal trouble, is full of the difficulties which usually attend reversals of policy.

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In a letter to *The Times* of July 1 an eminent authority, Sir Josiah Stamp, put the opposite view. He took three standards by which to judge the change—viz., the amount of unemployment caused; the maintenance of the wage level; the provision of ample coal at prices low enough to assist the revival of industry. He pointed out that, if the industry proceeded with no change in hours or wages, it must contract until its unemployment reached 250,000 to 500,000, and the price had increased by 3s. or 4s. a ton. The second alternative—a fall of wages to the 1921 level—would still mean a number of derelict mines, but unemployment would be less severe and coal cheaper. The third—an increase in hours—keeping all mines in production, would increase output, though not to the fullest extent possible, as the fall in price has to be less than 2s. a ton to secure the gain. The effect of this, again, would be still less unemployment in the coal trade and cheaper and more abundant coal, stimulating employment in other industries, while miners' wages are maintained. Upon a comparison of these results Sir Josiah Stamp elected for the way of longer hours.

The Government elected for the same, and the "permissive" Bill became an Act early in July, not without scenes of Parliamentary turbulence. Against charges of partisanship or misjudgment in thus bringing the element of hours into play the Government defended itself with the argument that the Act is not binding on the miners and that a settlement could be made without it. That is true, but the men regard the lowering of the absolute statutory safeguard as giving an unfair practical advantage to the owners in the negotiations which must inevitably be undertaken one day. In the meantime it enabled the owners to post terms of employment at the pits tempting the loyalty of the men to their Federation. To three-quarters of the miners the same wages as before, or better, were offered. To the rest, with the exception of two small districts, a reduction of 10 per cent.

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To many the Government's action did not appear to be in the interest of a real and lasting settlement as well as an early one. But when the miners complain of the procedure as a departure from the Report, they forget the months they have wasted in saying "No" to every proposition put before them. In May they could have had the Report, with a settlement leaving wages intact, and a final instalment of subsidy besides. "He that will not when he may, he shall not when he wolde." In 1919 they threw away substantial advantages from the Sankey Report in precisely the same way.

II. "THE BISHOPS' PROPOSALS"

IF the Government meant to intensify the pressure of time and necessity by their Act, they succeeded. The lure of higher wages in the Midlands did not start a collapse but it brought enough men back to work to show the miners' leaders that the policy of negatives was doomed to an early breakdown. This was the moment chosen for intervention by a conference of members of the Christian Churches, formed under the auspices of the Industrial Christian Fellowship, to consider means to peace "in view of the injury to the spiritual not less than to the economic life of the community which must be caused by a continuance of the present dispute." The Bishop of Lichfield, with other influential Bishops and representatives of the Free Churches and the Society of Friends, first secured a meeting with the mine-owners, "who indicated that the recommendations of the Report did not provide a solution." They then, on July 14, saw the miners and in the course of conference arrived at terms which the miners' leaders took the responsibility of accepting as the basis of peace.

The terms, briefly, were (1) an immediate resumption of work under the April conditions of hours and wages; (2) a national settlement within a defined period, not to

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exceed four months; (3) "financial assistance" from the Government during the period; (4) the submission of any disagreements at the end of the period to a Joint Board, consisting of representatives of both sides with an independent chairman to be appointed by the Board, whose decisions would be binding; while (5) the Coal Commissioners were to be reappointed to work out in detail the provisions of the Report affecting both wages and reorganisation, the Government to undertake to implement the results, where necessary, by legislation.

The two main features of these proposals, apart from the suggested independent chairman, were that the miners, for the first time, accepted the "whole Report," including the recommendations on wages, and that they continued in their demand for a subsidy. The Bishop of Lichfield passed them on to the Prime Minister with the request that he should receive a deputation. Mr. Baldwin replied at once, in a letter consenting to receive the deputation, that "the terms and conditions on which work can be resumed in the coal-mining industry are not within the power of the Government to determine," and that, while the proposals submitted professed acceptance of the Report, they included the suggestion of a subsidy which the Report had firmly excluded and to which the Government could not consent.

The mediators were much criticised, not only by laymen but by some of their fellow-clergy, for presuming "to interfere in matters which they did not understand." The Prime Minister remarked in a sardonic sentence that if he saw the Federation of British Industries trying to bring about the reunion of Particular Baptists with Anglo-Catholics he would not be optimistic, though he would not despair. *The Times* suggested as a parallel the revision of the Prayer Book by the Stock Exchange Committee. The mediators defended their intervention in a deadlock that had defied lay efforts for three months as a matter of Christian duty, and pointed to the achievement of securing

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the miners' assent to the Report and to arbitration. As to the subsidy, the Bishop of Lichfield explained that "financial assistance" might take the form of a loan.

Mr. Baldwin gave his view more fully in the House of Commons on July 26 in reply to a speech by Mr. Lloyd George strongly criticising what he regarded as the Government's failure to take a constructive opportunity opened up by the new proposals. Mr. Baldwin again refused to consider a loan or an undefined subsidy, insisted that owners and men must negotiate an increase in hours or a decrease in wages or both, and that the door to negotiation was still open. He did not offer further Government intervention, but he declared that there would be no difficulty in setting up a fair arbitration tribunal if both parties desired it. In other words, the Government considered that, in introducing Bills to implement a large part of the constructive recommendations of the Report, its duty was done, and that it lay with owners and men to settle the terms on which work should be resumed. From this view of the Government's responsibility Mr. MacDonald vigorously dissented and asked that, instead of confining itself to rejecting a subsidy, the Government should discuss the "Bishops' offer" with the two parties and say what help the Government was prepared to give to end a dispute that was costing many times the amount of the £3,000,000 previously offered by the Government.

The miners' leaders, having taken their plunge at last, summoned a delegates' conference—the first since the strike—to approve the change of policy. It met on July 30 and was stormy. Mr. Cook was between two fires. The moderates asked why, if the proposed terms were right then, they had not been right three months earlier, when the miners could have had them all and more. The "no surrender" party attacked him for defeatism. Durham and South Wales moved a vote of censure, which was defeated, and the delegates dispersed to put the terms before the branches.

Some Consequences of the Stoppage

When the Executive reassembled on August 10 to hear the results of the district consultations, they were baffled to find that the weight of the voting was against their recommendations. They had taken the men's approval too much for granted. The Miners' Federation is a cumbrous machine which cannot take a sharp corner easily nor are miners the men to acquiesce cheerfully in a sudden order for a retreat after having been exhorted for months to hold their positions at all costs and ask no questions. Probably they were also reluctant to approve terms which the Government had already rejected. The danger ahead of the leaders was now that of district settlements and a virtual break-up of the Federation. They summoned another delegates' meeting for August 16 and redoubled their efforts to obtain powers of negotiation from their followers.

III. SOME CONSEQUENCES OF THE STOPPAGE

VARIOUS estimates have been offered of the cost of the stoppage. The Board of Trade calculated that £150,000,000 had been lost between April 30 and the last week in July. Mr. Runciman's reasoned estimate was for £10,000,000 more. Sir Hugh Bell, an experienced industrialist and economist, reckoned the loss at £3,000,000 a day, which works out at a much higher figure. After the General Strike Mr. Churchill foretold that it would be two or three years before the country could recover from a stoppage of twelve or fourteen weeks. Yet the ravages may be repaired more quickly if, as is possible, the adjustment of the basic national industry to a true economic level finally liberates the full competitive power of the industries dependent on it. The railway figures for the first quarter of the year showed a marked and promising advance in traffic. Unemployment had fallen below the million for the first time since the five years' depression began. Though the ill-

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fated strike cut that promise short, it persists contingently. The Board of Trade returns for July showed an increase of imports on the preceding month of nearly £3,000,000. This can be mainly accounted for by the import of coal. They also showed an increase of over £7,000,000 in the export of manufactures and a decrease in the excess of imports over exports. These figures, after the third month of a paralysing deadlock, disclose a remarkable power of resistance. With the aid of foreign coal, freely imported, the engineering industry has managed to maintain a rather unexpected degree of vitality. Other industries, though they have suffered very heavily, have not perhaps suffered the worst of their anticipations. Confidence, while awaiting a settlement—that is to say, a genuine economic settlement—is not destroyed, and there is hope in the reflection that the fool's paradise of subsidies has vanished. The more immediate effect is measured by the unemployment statistics. The totals below are taken from the official returns.

May 17	..	..	1,612,700
May 24	..	..	1,597,679
May 31	..	..	1,614,200

The total rose by steady increases to 1,645,100 on July 5, and then showed a slight drop. It should be remembered that the unemployed miners, to the number of over a million, are not included in these figures. The picture may be completed by the total of persons in receipt of relief under the poor law, as given in the House of Commons.

April 24	..	..	1,228,649
May 29	..	..	2,311,454
June 26	..	..	2,338,100

When the General Strike was broken off, the miners were indignant at the "betrayal" of their cause. Their relations with the rest of the Labour movement, industrial and political, have not improved since. Mr. Cook's in-

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transigence has exhausted the sympathy certainly of other leaders and of the unions hardest hit by the continuance of the stoppage. Mr. Bromley, secretary of the railway drivers' union, even published for his men's benefit a confidential report on the conclusion of the General Strike drawn up by the Trades Union Council for submission to the Congress which meets in September. The Council was as scathing as any other critic on the "slogan" for which it was expected to fight to a finish and on the inability of the miners' leaders to propose any terms of their own, except that neither hours nor wages should be touched. These quarrels remain suspended until the end of the mines dispute and the September congress. The Trades Union Congress has given financial assistance to the miners and affirmed the solid resistance of Labour to the "Government's attack upon hours." But any attempt by the Council or the Parliamentary Labour party to intervene in negotiations was firmly repulsed by Mr. Cook and Mr. Smith.

Another quarrel arising out of the General Strike is also awaiting liquidation. While Lord Oxford, Lord Grey and Sir John Simon were issuing heartening messages of support for the Government through the *British Gazette*, Mr. Lloyd George, in the American and foreign Press, was urging the Government, in view of what he considered to be its mistakes in the conduct of the dispute, to open negotiations with the leaders of the General Strike. Lord Oxford, supported by his personal followers, censured Mr. Lloyd George severely and declared that it was impossible to work with him any longer. But the bulk of the Liberal Press and party swung over to Mr. Lloyd George and have declined to excommunicate him. Lord Oxford up to now refuses to be reconciled in spite of the entreaties of Liberal meetings, and Mr. Lloyd George has been forced to devise an organisation of his own for his Parliamentary followers.

It is too soon, too, to speak of the effect on the Govern-

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ment of the long trench-warfare since May. When the General Strike collapsed, Mr. Baldwin's reputation was at its height. Yet the Government was heavily defeated by Labour in a by-election at North Hammersmith, and, more recently, Labour has held Wallsend in another by-election by a much increased majority. The Government's stock may rise again. The present impression is that it has fallen as steadily as weariness and irritation with the dispute have accumulated. But an organised attempt by Parliamentary Labour to bring discredit upon the Prime Minister—of all people—and other Ministers by charging them with an interest in industrial undertakings, and therefore in a settlement adverse to the miners, has proved misguided and futile.

IRELAND : EVENTS IN THE FREE STATE

I. POLITICAL

THE life of the present Dail legally ends in September, 1927, and already all parties in the Free State are preparing for the fray. Mr. Kevin O'Higgins, the Minister for Justice, described one of his recent speeches as an "advance note to the general election," which indicates that the Government are already seriously considering the question, and it is probable that the dissolution will take place in the spring or early summer of next year. It cannot be said that the general public is wildly excited over the matter, although the contest will not be without elements of interest and humour. The Government, or Cumann na nGaedheal (League of the Gaels), party starts with the undoubted advantage of being "the man in possession," but they have stronger claims than that on the support of the electorate. They have during their years of office fought a bitter civil war to a successful conclusion, created law and order out of chaos, and embarked on far-reaching economic schemes such as the electrification of the Shannon, the foundation of the beet sugar industry, and, not least important, the overhauling and regulation of our agricultural export trade. They have also balanced the budget, done something to make good the terrible housing shortage, started to improve the roads, completed land purchase, and are moving towards a local government policy that will be in keeping with our national tradition and temperament. These accomplishments are all the more remarkable

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when one remembers that they are the work of young and inexperienced men who started their executive career without a considered policy in front of them or a properly organised political party behind them. Even at the present moment their party is neither powerful nor prepared, and lacks both a representative personnel and a full purse. The Government is also, of course, suffering from the results of its virtues. Every manufacturer who has failed to secure protection for his product, every trader who has been compelled to pay his full income tax, every wrong doer who has been brought to justice, and every crank whose panaceas have been rejected, is waiting for the general election as the Germans are reputed to have waited for "Der Tag." The Irish people are painfully becoming aware that the native tax collector is more intelligent and more severe than his English predecessor, and the Civic Guard even more wideawake than the Royal Irish Constabulary. The natural reaction caused by these painful discoveries as to the price of freedom is not going to assist the Government candidates at the coming election.

On the other hand, the plight of their opponents is even worse. Republicanism has definitely disintegrated into two irreconcilable factions, and it may be doubted whether both combined will return ten candidates to the next Dail. Mr. de Valera launched his new party in May, and has christened it Fianna Fail (Soldiers of Destiny) regardless of the fact that this is the official title of the Free State army! At his inaugural meeting he assured an expectant world that its mission was to prevent Republicanism sinking into "nominalistic formalism," and then proceeded to deliver an address as full of that bog-like and elusive quality as one might expect from the parent of Document No. 2. As Mr. O'Higgins aptly said afterwards at Clonmel, "the man who did his damndest to cut his country's throat now invited it to commit political *bara-kiri* in order to save his face." He and his followers have naturally not accepted Miss MacSwiney's suggestion that they should resign their

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seats in the Dail, which, by the way, they have never occupied, on the ground that they have changed their policy. Nor do they seem to have heeded her characteristic admonition that "the descent into hell is easy once the first step is taken." But the doings of Lord Asquith's Shadow Cabinet are mere child's play compared to Miss MacSwiney's activities, for this amazing lady has now created a new Shadow President elected apparently by a Shadow Dail in a very shadowy back parlour. No one even knew an election had taken place until this unfortunate person—one Art O'Connor—was introduced quite casually to a meeting as President of the Irish Republic, a political entity which now only exists in Miss MacSwiney's fertile brain, and which, according to Mr. de Valera, does not function over a square foot of Ireland. Mr. O'Connor is at least true to type, for in what may apparently be considered his "Inaugural" he declared that he did not give "a fig for logic in national affairs," and proceeded to denounce the Government for "gulling and deceiving the people by little petty schemes" such as "improving the breeds of cows, draining the Barrow, and electrifying the Shannon." It is not surprising to find the Government treating such a party with the contempt it deserves. Quite recently one of the Republican emissaries from America was captured red-handed on landing at Cove with money and dispatches which revealed the fact that the Republican movement in America was both bankrupt and disorganised. The judge at the trial fined him heavily and let him out on bail, probably the most striking commentary on the futility of his crime. In short, Republicanism has ceased to be a serious force and become synonymous with the "play-boyism" from which it originally sprang. This will not of course prevent Miss MacSwiney from repeating her threadbare incantation that "the sovereignty of a nation is an inalienable right which is not judiciable," nor can anyone legitimately object to her indulging in this innocent amusement.

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Amongst the other parties which are likely to contest the election and enter the Dail, Labour is easily the most formidable at present. It has consolidated and strengthened its position by excellent parliamentary tactics, and the work of Mr. Johnston, its able leader, has had the support of an efficient permanent secretariat. Moreover, it has enunciated a definite policy which may be briefly summarised in Mr. Johnston's statement that "the general good and the national well-being should take precedence over property rights." It has also fully realised that it is the first duty of an Opposition to oppose. The Farmers' party on the contrary has done little to increase its prestige. It has no real leader in the Dail and no considered policy even in its own domain of agriculture. Its ill informed and niggardly bellowing for economy at all costs has been its only serious contribution to public discussion. Even of less account is Clann Eireann (pronounced appropriately enough Clown Erin), the new party of which Professor Magennis is at once the founder and the prophet, and it may seriously be doubted if any of its members will survive the polls. Its chief purpose so far has been to provide the Government with a suitable target for its shafts of wit, and its policy is so nondescript that it can be flavoured to taste and swallowed by anyone gullible enough to believe in its curative qualities.

Captain Redmond is starting a new party with, it is understood, considerable promise of support, but his father's two principal colleagues, Mr. Devlin and Mr. Dillon, stand aloof. Mr. Devlin maintains an attitude of benevolent neutrality, and Mr. Dillon, who is now, like his one-time friend Mr. William O'Brien, an extinct volcano, will not, it is understood, re-enter the political arena. It is not likely that Major Bryan Cooper or the other ex-Unionist members of the Dail will be asked to participate in this venture, and they will probably remain as they are at present, a small group of useful and critical free lances. Captain Redmond has of course the prestige of his name, which stands

for a great deal in a country where a well-known personality counts for more than an intelligent policy, but it is doubtful whether he can secure either the personal or financial backing to make it even a large group in the new Dail. He can probably count on strong support from the ex-service men. It is understood that his policy will be directed to the creation of a united Ireland by an attitude of conciliation towards Ulster and frank and friendly co-operation with England. Such a policy if applied fearlessly to all the problems of the Free State would undoubtedly provide a strong basis for an effective Opposition to the present Government, but it cannot succeed if it is introduced under the patronage of the drink trade or as a mere revival of the old Irish party, both of which pitfalls probably beset its path. It is, for instance, obvious that the policy of what may be called selective protection on which the present Government has definitely embarked constitutes the most serious and indeed the only permanent barrier to Irish unity. A party that honestly desired to induce Ulster to unite with the Free State on a federal basis would undoubtedly have to make free trade with Northern Ireland and England the principal plank in its platform and to renounce the *a chara* policy of our present rulers.* If it obtained office it could quite effectively support and assist new or struggling Irish industries by a policy of bounties which would not antagonise our neighbours and which would definitely establish and bring home to everyone the cost of the experiment. The recent debates on the Tariff Commission Act have proved that the future lines of political division in the Free State are very likely to be governed by this and similar economic questions.

If the policy of protection is to be continued and enlarged there is everything to be said for the establishment of such a Commission. The Act provides that the Commissioners, who, it is understood, are to be civil servants representing the principal departments concerned, Finance, Commerce

* See THE ROUND TABLE, No. 62, March 1926, p. 364.

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and Agriculture, will have the same powers as the High Court to compel the attendance of witnesses and the production of documents. They will be asked in each case submitted to them to investigate the importance of the industry seeking protection; the cost of the production of the goods here as compared with elsewhere; the effect of granting protection on production and employment in other industries, on the public as consumers, and on the revenues of the State; the prospects of the industry seeking protection establishing itself; the minimum amount of customs duty necessary for the successful conduct of the industry; and such other economic, industrial and administrative aspects of the application as are relevant to determination of its merits or demerits. The Government refused to accept an amendment providing for an inquiry into tariffs already in operation on the grounds that enough information as to their operation is not yet available and that it would not be fair to the manufacturers concerned. New protective tariffs have already been imposed in the following industries:—blankets and blanketing, boots and shoes, bottles or jars of glass, candles, clothing, personal and wearing apparel, furniture (other than bedsteads) made wholly or partly of wood, and bedsteads of any material, motor cars, soap, soap substitutes and soap powders, sugar confectionery (including jam), and oatmeal.

The Act is really the rather amusing result of the internal dissensions in the Government party between Mr. J. J. Walsh, the Minister for Posts and Telegraphs, and his pugnacious protectionists and Mr. Hogan, the Minister for Agriculture, and his fierce free traders. Mr. Walsh's prescription is to give a full dose of protection and hold an inquest and post mortem afterwards. Mr. Hogan refused to be *particeps criminis*, and so the compromise is to give the patient small doses of protection mixed with jam and watch the result. Mr. Walsh has apparently handed in his gun for the present, but not without first indulging in a little "powder play" and firing a few blank cartridges in

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Mr. Hogan's direction. The Government will, of course, be free to accept or reject the Commission's recommendations, but they refused to set up a Commission which would discuss general principles. It will be remembered that the Fiscal Commission of distinguished economists which was set up soon after the civil war terminated reported in favour of free trade, but its recommendations have been ignored and its members will not be readily forgiven by the whole hoggery for suggesting that most of the industries clamouring for protection were suffering from senile inefficiency rather than infantile paralysis. It is also understood that the reason why no economic experts are to sit on the new Commission is because all the experts available are unrepentant free traders. The Government has quite clearly been plagued by the various manufacturing interests and has erected the new Commission as a barrier or screen through which such demands must be filtered before a decision is arrived at. The free trade critics of the measure have not been slow to point out that the world-wide reputation of such firms as Guinness and Jacob have been built up without the assistance of protection and the farmers have continued to voice their objection to protection in any shape or form. The negotiation of a commercial treaty with France, which is said to include a remission of the recent increase in wine duties, proves that we are learning to use tariffs for other purposes than protection. But all this controversy is healthy. It shows that we have abandoned shibboleths and are getting down to the discussion of political and economic realities just like any normal nation. The merits of free trade and protection were discussed in the Dail and Senate debates on the Tariff Commission Act with almost as much heat as was bestowed on the question of the oath of allegiance four years ago.

The rather cryptic paradox of Mr. Desmond Fitzgerald, the Minister for External Affairs, that the best hope of unity in Imperial affairs lies in giving free play to divergencies, is so far the only indication of the Government's

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policy at the forthcoming Imperial Conference. It is to be hoped that some better thinking than this will be given to the matter immediately. Momentous questions will come up for discussion and something better than Mr. Fitzgerald's rather cheap cleverness will be necessary in dealing with them. The future of the Commonwealth and its political development are matters which deeply concern the Free State. It is understood that the Government is anxious that certain anachronisms concerning the position of Governor-General should be swept away. For instance, the convention that all State documents passing between Dublin and London must come through him instead of passing between the Governments direct. It is also probable that opportunity will be taken to raise the question of more closely circumscribing and defining the right of appeal to the Imperial Privy Council. But all these questions are only subsidiary to such issues as may be raised by General Hertzog concerning the exact relationship of the various entities of the Commonwealth to one another, whether they are to become merely a loose working alliance of independent States or are to establish some form of joint council for common decisions on vital matters. It is to be expected that our Government will favour the Hertzog point of view, but it is highly desirable that they should formulate their views publicly and indicate the basis of their policy on these important questions to which the Free State has so far given little serious attention.

On the whole, however, it may be both hoped and expected that the present Government will, as a result of the election, be again returned to power. Their defects are those of a young oligarchy whose political parent was a secret society, and if at times they have found it difficult to comply fully with the admonition of the Apostle: "Love the brotherhood.* Fear God. Honour the King," which some wag suggested should be the motto for the Great Seal of the Free State, they have nevertheless done

* *i.e.*, The Irish Republican Brotherhood.

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their best under very difficult circumstances to reconcile the various interests concerned and have undoubtedly gained sufficient practical experience to guarantee for the immediate future that firm and efficient government which the country principally needs. The only possible alternative would seem to be a weak coalition of irreconcilable minority groups.

II. ECONOMIC AND GENERAL

THE "Trade and Shipping Statistics" of the Free State for 1925 are now available and disclose a decrease of £6,381,941 in imports and £6,917,822 in exports. The decline in the export of cattle is the outstanding feature of the year's trade, and accounts for £4,279,521 of the decrease in exports. This falling off followed as the natural consequence of the huge over-export of cattle in 1924, which was one of the highest years on record, and the decrease in exports generally is by no means as serious as might appear at first sight. Mr. Hooper, the able official director of statistics, who has prepared the returns with his usual skill, proves that one of the most persistent causes of fluctuations in exports of cattle is the fluctuation in the production of roots and hay in Great Britain, the increase or decrease of the export of Irish store cattle coinciding in nearly every case with an increase or decrease of these crops in Great Britain. Early information regarding grass and root crop prospects in Great Britain is accordingly of first-class importance to those interested in the Irish cattle trade. In this connection it is interesting to point out that this trade is no longer frightened of Canadian competition, as it is now apparent that the Canadian cattle, owing to the heavy freight charges and deterioration due to the long sea voyage, cannot effectively compete with the Irish cattle. At the present time two out of every five cattle slaughtered in Great Britain are

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born in Ireland. Mr. Hooper makes some interesting comparisons with Denmark, our principal agricultural rival in Europe, and shows that although the Free State has a slightly smaller population than Denmark it has over fifty per cent. more cultivable land, but ploughs only a little over a third of the area ploughed in Denmark. On the other hand, it has a much larger number of cattle and sheep per one hundred persons than any of the other European countries, and more than Canada and the United States, but much less than Argentina, Australia and New Zealand. The yield per cow in the Free State is, however, low, and accordingly the great exports of butter from the Free State are in reality small as compared to the dairy herd, or as compared with the great exports of live cattle. But there is no live stock trade between any two countries in the world which approaches the dimensions of that between the Free State and Great Britain and Northern Ireland. The comparative statistics as to general trade between the two countries show that per person the Free State sold goods valued at £13 14s. to its nearest neighbour. This is below the figure for New Zealand and Denmark but greater than that for Australia, Argentina, Canada (its rivals in food supplies) and all other countries. As regards purchases from Great Britain and Northern Ireland, New Zealand came first and the Free State second, buying per person goods valued at £12 14s., Australia came third and other countries far behind.

Fortunately the present Free State Minister for Agriculture, Mr. Hogan, has a clear conception of what these figures reveal and realises that Irish agriculture requires technical rather than political treatment for its improvement. He knows that the remedy for agricultural depression is not to be found in loans, subsidies and tariffs, but in improved methods of production and marketing. This policy applied to our egg exports, which are now properly graded, inspected and packed under official supervision, has placed them in the highest position in the English

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markets. The new Dairy Produce Act will shortly place our butter in a similar position. He is also taking steps to improve the country's live stock and milk supply, and special research departments in dairying and agriculture are being founded in connection with the faculties of agriculture in the colleges of the National University at Cork and Dublin. In his recent declaration of policy he pointed out that protection is of no use as far as agriculture is concerned. We could not protect our live stock or egg trade as there are practically no imports of these articles, the increase in butter production following a tariff would be so slight as not to be worth the cost, and to keep out foreign bacon a duty of fourpence per pound, which would cost the country nearly a million pounds a year, would be necessary, and would have no appreciable effect on the price of pigs. Mr. Hogan has also wisely determined to pay special attention to rural education, and with this object in view has decided to set up a special Publicity Branch of his department which will supply material to the small local papers for an attractive and instructive agricultural page. In other words, he is putting Sir Horace Plunkett's prescription of Better Farming, Better Business, and Better Living, into practical application with excellent results. In the Department of Education the new Minister, Professor O'Sullivan, has also done well. The difficult question of the school programme has been settled by a conference of experts, a valuable School Attendance Act has been passed, and a million is to be spent as a first instalment in the very necessary work of providing better accommodation in the schools.

The silly dispute with the medical profession over registration has been apparently settled by a compromise in which the Government saves its face and the doctors secure the registration under the British Medical Council for which they fought and without which medical education in Ireland would have virtually ceased to exist. The threatened labour trouble on the railways has been averted

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as the result of negotiations between the Great Southern Railway Company, which now controls all the Free State railways, and the trade unions concerned. The men have accepted the all-round cut of from four to five shillings a week decided on by a majority of the Irish Railway Wages Board, and the company has agreed to postpone its application for a few months.

We have, of course, suffered the inevitable reactions from the coal strike of high prices for coal and low prices for our agricultural produce. A Commission on Food Prices after the English model has been set up, and has already had trouble with the Retail Purveyors' Association, whose secretary has been sent to gaol for refusing to produce a list of its members. So far the Commission cannot be said to have produced any tangible results nor do its proceedings seem to have stirred public opinion to action. Unfortunately, as Mr. Blythe said in his budget speech, "there are people who would not walk round the corner to avoid profiteering but who would heartily curse the Government for not doing something about it." The real remedy for profiteering is to be found in consumers' leagues or co-operative societies, and these are unfortunately virtually non-existent in the Free State.

A Bill has also been introduced to deal with the existing system of making official appointments by local boards. This system lends itself to favouritism and corruption and has undoubtedly attracted many undesirable persons into public life. Moreover, the clan, or powerful family, is still potent in rural Ireland and preferment is secured too often by influence rather than by merit. It is now proposed that selections for such appointments shall be made in future by a central Commission, and this proposal has met with the usual objection that it is undemocratic, democracy being apparently in some peoples' minds equivalent to inefficiency. Local government has become far too complicated a matter for unskilled management, and in so far only as it recognises this will the Free

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State succeed in improving the health and happiness of its people. This Bill is a first rate example of sorely needed legislation which could only be introduced and carried by a native Government. If attempted by Dublin Castle in the old days it would have been bitterly and rightly resented as tyranny.

The National Land Bank, the affairs of which have recently been the subject of much public controversy, was founded by the first Dail before the Treaty to finance certain land purchase transactions, and its paid up capital is held by the Minister for Finance. He has just made an excellent bargain in selling it to the Bank of Ireland at par, a deal equally good for the Bank of Ireland, which has thereby eliminated its only real rival for State business.

Educated opinion here has been deeply stirred by recent developments in the controversy over the Lane pictures. As this question raises issues of more than national importance it may be well shortly to recapitulate the facts. The late Sir Hugh Lane, who was a great art dealer and connoisseur, of Irish birth, had always been deeply interested in the establishment of a modern art gallery in Dublin, and had in fact made many gifts to the Dublin Municipal Gallery of Modern Art. In 1915, having to travel to America and knowing the risks involved, he made a codicil to his will revoking a bequest of thirty-nine valuable modern pictures to the National Gallery in London and leaving them to the City of Dublin provided that a proper gallery was built for them within five years from his death. This codicil was signed but unfortunately not witnessed and was therefore legally inoperative. Sir Hugh subsequently lost his life on the *Lusitania*. At the request of the Free State a Committee was appointed by the late Labour Government in England to decide whether Sir Hugh believed he was making a legal disposition of these pictures, and if so, having regard to the international character of the matter at issue, whether the defect should be remedied by legislation. The first question has been answered by

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this Committee in the affirmative, and indeed having regard to the evidence of Sir Hugh's relatives and friends no other answer was possible. But the Committee has answered the second question in the negative on the extraordinary ground that if Sir Hugh Lane had lived he would have destroyed the codicil and left the pictures to the new London Gallery at Millbank. It is hardly necessary to point out that on such speculative grounds any bequest could be upset. Whilst it may be freely admitted that the Free State has no legal claim to these pictures, its moral claim is unanswerable, and it is greatly to be regretted that the English Committee did not recommend the only course which is honourably possible, namely, to legalise Sir Hugh Lane's admitted intention on condition that a suitable gallery is built in Dublin within five years from the bequest being legalised. If it was possible to alter Cecil Rhodes' will in order to exclude German students from its benefits, surely it is a hundred times more desirable to implement Sir Hugh Lane's bequest to Dublin. Public opinion here is rightly determined that the matter shall not be allowed to rest where it is, and both the Senate and the Governors of the Irish National Gallery have unanimously passed resolutions asking the Free State Government to take further action. It is pleasant to record that Lord Carson is at one with his fellow-countrymen in this matter and has introduced a Bill in the House of Lords for the return of the pictures to Dublin. In the Senate debate Mr. Blythe, the Minister for Finance, said that he had always found the British Ministers anxious to treat the Free State fairly and straightly and that there had never been anything mean or shabby in their attitude towards Irish affairs. It is to be sincerely hoped that this generous testimony will not now require to be altered. Mr. Baldwin has a great opportunity of doing the right thing in the right way and there are many people in Ireland who, remembering the words of friendship and wisdom they heard from his lips last St.

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Patrick's night, believe that he is big enough to rise to the occasion. One such honest action would do more to encourage and develop the increasing good relations between the two countries than any amount of soft talk. He can find a good example in the action of the Free State Government, who immediately after Mr. Justice Meredith's decision that letters patent granted in London before December 7, 1921, had no effect in the Free State, introduced a Bill to declare the validity of the patents concerned, which will be proceeded with if the Supreme Court does not reverse Mr. Justice Meredith's decision.

As these lines are being written Dublin is about to open its great annual Horse Show, which this year promises to surpass all previous records. Last year the entries were the greatest in the history of the Royal Dublin Society, and this year they are greater still. It is expected that the attendance will tax the Dublin hotels and the large show grounds at Ballsbridge to their utmost capacity. The introduction of an international military jumping contest, for which entries have been received from many countries, is bound to prove a great attraction.

Altogether, the Free State has every reason to be satisfied with its progress during 1926, and to be confident as regards the outlook for 1927. Confidence is indeed, as Professor Parker Willis, the American Chairman of our Banking Commission, has recently pointed out, the quality which as a people we most sadly lack. That the present Government of the Free State has never despaired of its country is its best claim upon our support in the present and the best example for our conduct in the future.

The Irish Free State. August 1926.

CANADA : THE POLITICAL AND CONSTITUTIONAL CRISIS

I. THE COURSE OF THE SESSION

THE account of current politics in Canada given in the June number narrated the protracted struggle for party supremacy in the opening weeks of the session and left the Liberal Government with its position apparently well consolidated by reason of the working arrangement for co-operation which it had achieved with the Progressives. This arrangement was in no sense a definite alliance, but the Progressives in return for their support were allowed a voice in framing legislation, and their influence was exercised freely at regular conferences which were held between their executive committee and Ministers. The Conservative Opposition was vigilant and aggressive, and repeatedly got the Government into awkward corners, but as long as the votes of the Progressives were available to repel assaults Ministers had no reason to fear a defeat in the House of Commons. The budget was on the whole popular, and concessions in the excise tax assuaged the wrath of the motor manufacturers and their allies at the reduction of the motor duties. The Conservatives did not venture to offer any serious opposition in the Commons to the Old Age Pensions and the Rural Credits Bills, although the former was summarily killed by the Senate; and, as reasonable progress was being made with estimates, friends of the Government were justified at the end of May in

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claiming that it had materially improved its position both inside and outside Parliament, and might easily survive several sessions.

But always in the background there was lurking the dread spectre of the customs scandals, which were being investigated by a special committee of Parliament; and, as day by day there emerged fresh revelations of grave incompetence and corruption in the public service and the complicity of Ministers and high officials was being established, it became plain that the Government must face some anxious hours before prorogation came. Indeed, by the beginning of June the keen interest aroused by the proceedings of the special committee had relegated the ordinary work of Parliament to the background.

About the middle of June the committee announced the conclusion of its public hearings, and proceeded to compile a report. An agreement to omit all references to the political aspects of the scandals, and leave them to the scrutiny of the House of Commons, removed the main barrier to unanimity; and a long and comprehensive document, embodying the findings and recommendations of the committee, was submitted to the House of Commons. The report found that during recent years the Customs Department had been afflicted by a gradual process of demoralisation, and that the process had been accelerated during the régime of Senator Bureau, who had retired from the Cabinet in September, 1925; that the smuggling industry had grown to enormous dimensions and had been responsible for very serious frauds upon the revenue; and that it had owed its prosperous immunity from effective restraint to the connivance, and in some cases to the active co-operation, of customs officials. It recommended a wholesale reorganisation of the Customs Service, to be assisted by the dismissal or retirement of a number of prominent officials, and suggested drastic changes in administrative methods, the abolition of a number of the smaller ports of entry, the establishment of a special secret

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service to cope with the smuggling evil, and other reforms. It also advocated the prosecution of numerous firms which were charged with frauds upon the revenue and, admitting that only part of the field demanding investigation had been covered, suggested the continuance of the inquiry by some other tribunal.

When Mr. Mercier, the Liberal chairman of the special committee, moved the adoption of this report, the Opposition lost no time in launching their attack. Mr. H. H. Stevens, the ex-Minister who had made the original charges, moved an amendment inviting the House to declare that the late Minister of Customs had been guilty of derelictions of public duty and that, since the Prime Minister had months before been made cognisant of conditions in the Customs Department and had refused to remedy them, the whole Ministry was involved in responsibility for the scandal. The Government accepted the challenge of this direct vote of censure, and the Progressives found themselves in the rôle of jurymen with both sides striving strenuously to gain their favour. Mr. Boivin, the Minister of Customs, made a very skilful defence of the two charges brought against him, that he had interfered with the course of justice for the benefit of a political worker and that he had made an indefensible sale of a quantity of confiscated liquor to a firm of questionable reputation; and Mr. King and several of his colleagues spoke vigorously on his behalf.

But the Conservatives had a wealth of ammunition at their command, and steadily pressed home their indictment during a debate which lasted for four whole days before crowded galleries. A move to assist the Government was made by a friendly Labourite, who interposed a sub-amendment eliminating the censorial features of the Stevens' amendment and suggesting the continuance of the inquiry by a Judicial Commission. This the Government accepted, but the Conservatives derided it as an attempt at white-washing; and when the division on this sub-amendment came on the evening of June 25, enough Progressives

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supported them to defeat it by two votes. Another division on an appeal from a ruling of the Speaker, which followed shortly afterwards, revealed a similar majority against the Government, and thereafter it bent its efforts to secure the respite of an adjournment. The first attempt failed by a single vote, and the debate went on through the night on another sub-amendment moved by a Progressive. Eventually at 5.30 a.m. on June 26 the Government did secure adjournment by a single vote, and the exhausted members went home, conscious that the Ministry was sore beset but scarcely dreaming at the moment that this particular Parliament had virtually run its course.

II. THE CRISIS

THE preliminary votes on the evening of June 25 had revealed the precarious position of the Ministry and the imminence of a political crisis. As the result of prolonged deliberations with his Cabinet, Mr. Mackenzie King advised the Governor-General that a dissolution of Parliament should take place. Lord Byng was in a position of great difficulty; Mr. King had secured a dissolution ten months before for the avowed purpose of gaining a clear majority which would permit the pursuit of vigorous policies upon certain pressing problems, but the result had damaged instead of improved the position of the Government in the House. Now Mr. King, having come to the end of his tether in the new Parliament, was seeking a second dissolution, relying on the fact that such a request had not for a hundred years been refused to a British Prime Minister. Lord Byng, however, seems to have taken the view that unprecedented circumstances, notably the practical certainty of the Government's impending defeat on a direct vote of censure, justified a departure from ordinary constitutional practice. He rejected the advice of his Prime Minister; and Mr. King, after pressing his view, tendered his resignation on June 28.

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Lord Byng accepted it immediately, and he probably now realises that his precipitate acceptance involved Mr. Meighen, whom he sent for and invited to form a Ministry, in great difficulties; for the Liberal leader, released from responsibility and labouring under a sense of grievance, was free to launch immediately a strong attack on his successor. About the exact course of events which followed there is some obscurity, but the generally accepted version is that Mr. Meighen did not immediately accept office, but deferred his decision till nearly midnight on June 28. He gave no undertakings that he could carry on successfully, and, contrary to the general belief, he neither received nor even asked for any promise of Progressive support.

On the 29th a conference took place between the Governor-General and Mr. Forke, the leader of the Progressive party, but its object was to apprise Mr. Forke of the decisions which had been taken, and not to discover whether he would support the new Ministry; later, at a meeting of the Progressive party held the same afternoon, the members subscribed to a short memorandum intimating their willingness to assist Mr. Meighen in winding up the sessional programme, and handed it to Mr. Forke for transmission to the Governor-General. At a subsequent stage, when the majority of the Progressive party had recorded votes contrary to the spirit and terms of this memorandum, it became the subject of a bitter controversy which induced Mr. Forke to resign the leadership of his party; but there is no reason to believe that Mr. Meighen regarded it as a binding pledge of support or was influenced by its existence.

Mr. Meighen, by his acceptance of the Prime Ministership, had automatically vacated his own seat; and the appointment of a regular Cabinet would have entailed the withdrawal of his Ministers from the House and endangered his frail majority, which had never exceeded two. So he resorted to the device of acting-Ministers, and distributed the different departments among six of them, with instruc-

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tions to pass the vote of censure on the late Government and wind up the business of the session with all speed. They succeeded after a sharp debate in getting the vote of censure passed by ten votes; but in the absence of Mr. Meighen and his ablest lieutenant, Mr. R. B. Bennett, they cut a decidedly sorry figure when the Liberals deployed to a counter-attack and challenged the regularity of their status as acting-Ministers. There were precedents for such appointments. The Deputy Minister of Justice had certified that they were completely in order, and since 1921 more than one Liberal acting-Minister had administered a department; but the Liberals argued that a whole Cabinet composed of acting-Ministers was a ridiculous travesty of constitutional practice, that, in the absence of the formalities usually associated with the construction of a Cabinet, there was in reality no Meighen Ministry, and that the acting-Ministers were impostors devoid of any proper authority to assume responsibility for the passage of legislation and supplies. In the bitter debate which followed, Mr. Mackenzie King spoke with a force and effectiveness which he has rarely equalled in his career, and a very feeble defence to his determined onslaught was offered by the Government front-bench. As the debate proceeded, the majority of the Progressives became gradually impressed by the Liberal arguments that the Meighen Ministry was of irregular origin, and took the view that its illegitimate character absolved them from any undertakings which had been given on the supposition that a formally constituted Ministry would be established. So when, in the early hours of July 2, Mr. Robb, the ex-Finance Minister, moved a motion of want of confidence in the new Meighen Ministry, it was carried by a single vote.

The result was accepted by Mr. Meighen as decisive evidence that he could not carry on, and he at once sought a dissolution; indeed it is believed that he only took office on a definite pledge that, if his plans for completing the business of the session miscarried, he would be allowed

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to appeal to the country. If this is true, Lord Byng had no alternative but to grant his request. Parliament was suddenly dissolved without following the procedure commonly adopted when a dissolution occurs with Parliament in session, of attendance in person by the Governor-General to announce dissolution to both Houses after giving the Crown's assent to all completed legislation. All formal ceremonies were dispensed with, and members learnt that Parliament had ceased to exist in the corridors from clerks and messengers; Mr. Bourassa complained that he heard of dissolution first from a wandering Asiatic consul, and Liberals discovered a fresh aggravation of Lord Byng's and Mr. Meighen's offences against normal constitutional practices. The most unfortunate result of this summary procedure was that practically all the legislation of the session went by the board, and the Liberals now contend that there is no proper authority for many of the changes decreed by the budget, such as the restoration of two-cent postage. Moreover, supplies had only been voted up till June 30, and, until a new Parliament can meet, they will have to be secured by the device of Governor-General's warrants.

Thus ended, after a brief and stormy career, the fifteenth Parliament of Canada. Preparations for the election of its successor are now busily afoot. Polling day has been fixed for September 14, candidates are already being nominated, and the tides of electioneering oratory are flowing freely. Mr. Meighen in constructing his Cabinet was faced with serious difficulties, and once more Quebec, from which he has not a single French-Canadian supporter, furnished him with his most acute problem. A series of disastrous defeats, instead of closing the ranks of French-Canadian Conservatism, has produced quarrelsome factions; unable for the moment to reconcile their claims, Mr. Meighen has been compelled to content himself with one French-Canadian Minister from Quebec in Mr. E. L. Patenaude, who becomes Minister of Justice; he has,

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however, left vacant five portfolios, of which three will be filled at a later date by French-Canadian Ministers. The Cabinet which he has announced contains twelve Ministers endowed with departments and four Ministers without portfolios. There is general commendation of the choice of Mr. R. B. Bennett as Minister of Finance, for he combines a long experience of politics with high standing both as a lawyer and a leader of industry, and his record as a cordial backer of the wheat-pool movement in the West absolves him from the charge that he will be a pliant tool of "Big Business." Otherwise, although the Cabinet contains a number of competent politicians and a substantial contingent of experienced men of business, its strength is not commanding; it would have made a better appeal to the country if Mr. Meighen had succeeded in bringing back into public life Sir Robert Borden and in introducing some outstanding figures who have not been actively engaged in politics. However, the Prime Minister at any rate deserves credit for courage in omitting, in face of severe pressure, some veteran party war-horses whom the country has ceased to regard as useful members of a Cabinet.

The Conservatives will naturally endeavour to fight the contest on the customs scandals and the general administrative record of the Government, and they will strenuously deny that there has been any constitutional irregularity. They will admit that, as the result of the advance in the political status of the Dominion, the Governor-General has lost his original rôle of a political officer of the British Government armed with discretionary powers, and has come to occupy the same position in relation to his Ministers as does the Sovereign; they will concede that within the last hundred years there has been no precedent either in Britain or in a self-governing Dominion for the Crown refusing dissolution to a Minister who sought it. They will also, however, point out that after Mr. Mackenzie King had sought and obtained a dissolution last autumn

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he was very explicit in assurances, given most definitely in a speech delivered at Richmond Hill, that he would not continue in office as a minority Prime Minister; and that, after the electorate had denied him a clear majority and defeated half his Cabinet, he decided none the less against the resignation which many influential Liberals counselled. They will recall that when the Conservatives launched their charges about the Customs Department at the opening of the session, Mr. King agreed to have them investigated by a special committee, and gave a definite pledge that there would be the fullest possible discussion of the report and that the verdict of Parliament would be accepted. They will charge that he tried to prevent the delivery of this verdict by seeking a dissolution, and that he was thereby proposing to use the Crown as an instrument to prevent Parliament from exercising its rightful privileges and performing its proper functions. Their case will be that Lord Byng, faced with unprecedented circumstances, should not be blamed for departing from the strict letter of constitutional formalities, and that his decision was dictated by plain common sense and ordinary standards of fairplay.

The Liberals will not accept any such curt dismissal of the constitutional issue which has been raised. While they will not deny that grave scandals in the public service have been revealed, they will maintain that the Liberal Government was doing its best to achieve reform as soon as it became aware of the conditions, and before the question was raised in Parliament; that no satisfactory evidence has been adduced to bring responsibility home to the Cabinet in general or to any of its members after the reconstruction of 1925; and that the Conservatives are making party capital out of an investigation only partially completed which should be conducted in a judicial spirit. They will claim that the customs issue is of small importance compared with issues opened by the action of the Governor-General and Mr. Meighen. They will argue that the course of politics in Great Britain, and especially

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the events of the last three years since Mr. Baldwin appealed to the people in 1923, have shown conclusively that the royal prerogative of refusing dissolution is as dead as that of vetoing legislation; that if the prerogative is dead in Great Britain and alive in Canada, equality of status has not been achieved; and that Lord Byng, in employing powers which His Majesty no longer uses, and Mr. Meighen, in accepting office in such circumstances, have together set back the clock and have departed from the principles of responsible government achieved after so long a struggle. They will refrain from any direct attack on Lord Byng, but they will limn him as the simple victim of Mr. Meighen's wiles. They will concentrate attention chiefly on the steps taken by Mr. Meighen since he assumed office rather than on the refusal of dissolution to Mr. King. The burden of their charges may be given in Mr. King's own words in the opening speech of the campaign:

Having ignored Parliament by assuming office without being in the least entitled to its confidence, having defied Parliament by seeking to impose upon its members the subterfuge of a phantom Ministry and continuing to govern with a Ministry declared by the Commons to be infringing the privileges of its members, having insulted Parliament by summarily closing its doors in the face of honourable members of both Houses, having made the representative of the Crown in Canada a party to all these illegal, invalid and unconstitutional acts, the self-appointed Prime Minister then proceeds to enlarge the Cabinet which Parliament had put out of existence before its untimely birth. I know of nothing in British history comparable to this since the days of Charles I. It may be all very dramatic, very daring, but there is not a vestige of constitutional right or power which it does not undermine.

It is an issue of great subtlety, depending for its proper comprehension on a nice understanding of the working of the conventions of the Constitution, and it can hardly be stated in a simple form suitable for the judgment of a large democratic electorate. The leaders on both sides may be able to present it without distortion, but on many a platform it will be over-simplified in such a way that its

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real meaning vanishes. Already the *Toronto Telegram*, the organ of a peculiar but rampant Toryism, is denouncing everyone who dares to imply in the mildest manner that Lord Byng's actions have been open to criticism, as disloyal to the Crown, traitors, separatists, and so on, sentiments echoed in many an Orange lodge. In Quebec, on the other hand, Mr. Pouliot, M.P. for Temiscouta, forebodes that blood may have to flow ere Canada's lost liberties are restored; and Mr. Deslauriers, who sits for a Montreal riding, asks dramatically: "Is this the recompense for 65,000 Canadians being left on the battlefields of Europe—to pass from an autonomous Dominion to a mere colony which is now governed by a man outside Canada?" Mr. Bourassa, who is running once more as an independent but is warmly supporting the Liberals on this issue, calls the events of the end of June a *coup d'état*. "Beware," he said to his constituents, "of to-morrow. If you allow a Governor-General, a subaltern of the British Government, to accord and refuse dissolution as he well likes, and he decides which party shall be in and which out, you will wake up to find that Downing Street will be the judge in Canada's political matters."

Partisan spirit is running high, and the campaign has not yet fairly begun. The *Toronto Globe*, the historic champion of liberalism which has for some time been following a policy of critical detachment, interjects a calm and reasonable note into the controversy:

To speak frankly, *The Globe* believes that it was unfortunate that the representative of the Crown, even under the unusual and stressful circumstances confronting him, essayed to appoint his adviser. . . . If His Excellency erred, his error was technical in character. It is ridiculous to suppose that he sought in any way to establish gubernatorial autocracy, or to menace self-government. A dignified protest would have protected the principle at stake. No right was denied the people. Within four days the dissolution asked for by Mr. King was granted to Mr. Meighen. The electors themselves are to determine who shall carry on the government of the country. It is not His Excellency's fault that we conduct our

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political elections in such a way that it pays a party to have control of the election machinery. This is where the shoe pinches. To be honest about it, it is the political and not the constitutional aspect that concerns both parties. . . . Consistent only in attachment to and eagerness for office, the two parties did much to bring about the intolerable situation by the frenzied anxiety of each to secure the tactical advantage of naming the date and the terms of the election and of controlling the election machinery. And here there is scope for real and radical reform.

It seems to be unlikely that the Conservatives will be able to improve their position in Quebec substantially, while on the other hand the Liberals will probably not be able to make much impression on the almost solid Conservative front in the maritime provinces, Ontario, and British Columbia. The chief uncertainty is in the prairie provinces. The Progressive party, which derives nearly all its strength from these regions, has not emerged with much credit from a session during which it was split into irreconcilable factions; but the predictions now freely made about its impending obliteration are premature, for it has just swept Alberta in a provincial election, and it has a powerful ready-made organisation in the co-operative wheat-pools. The Liberals profess their intention of offering no opposition to such Progressive members as stood loyally by them, and the Conservatives will extend a similar consideration to their allies. But the *Manitoba Free Press* is actively upon the war-path, asserting that through the combined action of Lord Byng and Mr. Meighen constitutional issues long kept in the background have emerged, and that the time has come for a general clearing of the constitutional *débris* which now clogs the mutual relations of Canada and Britain and leaves the former in a state of unworthy political subordination. If three-cornered contests are eliminated in the prairie provinces the Conservatives, instead of making gains, may have some difficulty in retaining the nine seats which they now hold, unless they can devise bold policies in connection with immigration and co-operative marketing and can convince

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the western voters of their sincerity in advocating them. If Mr. Meighen cannot make gains in the prairie provinces, the result of the present contest is not likely to be materially different from the outcome of the last, and some other means must then be found of ending a state of deadlock which has come to try the nerves of the Canadian people.

The late session gave striking evidence of the hopelessness of expecting any serious attention for Imperial and international problems from politicians who are absorbed in bitter domestic controversies, and its sudden termination precluded the possibility of any discussion about the problems likely to arise at the next Imperial Conference. Mr. Mackenzie King, however, secured unanimous endorsement from the House of Commons for a resolution asserting the principle that no Government henceforth should bind Canada by a treaty or other diplomatic engagement without first securing the authority of Parliament. In his speech he intimated the indisposition of his Government to endorse the Locarno Pact; but the debate was singularly unilluminating, and no Conservative of any standing save Mr. Cahan participated in it. Obviously external relations will only receive adequate consideration when a stable Government reigns at Ottawa.

Canada. July 24, 1926.

AUSTRALIA

I. THE IMPERIAL CONFERENCE

THE three years that have elapsed since the last Imperial Conference have left Australia unchanged in her conception of Imperial relations. The difficulties and embarrassments that arose between the British and Canadian Governments on the Lausanne Conference and the Turkish Peace Treaty, and again on the London Conference on Reparations, are matters of which she has been directly aware but of which she has not been conscious as matters vital to or even concerning her. That is itself significant. In part, it means that Australia in her consideration of Empire relations thinks primarily of things economic. As to constitutional relations, we are well enough content with things as they are, without concerning ourselves overmuch with what they are, or whither they tend; in fact, the prevailing disposition is to deprecate the discussion of such matters and to leave well alone. It is "*l'Empire sans doctrines*." The incidents which stirred the Canadian Government so deeply were as much "matter of grievance" for the Commonwealth as for the other Dominions, if the Commonwealth Government had chosen to make them so. But the Commonwealth Government has not believed that co-operation in substance was to be attained through emphasis on separate nationhood, or by insistence on the forms of co-operation in relation to foreign countries. In this, it has, of course, been helped

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by the freedom of Australia from those racial or religious problems which affect Canada, South Africa, or the Irish Free State. Nor is there anything in her external relations to tempt Australia to weaken the relation with Great Britain. She is remote indeed from Europe, but her geographical situation does not encourage the notion of complete security in independence, or of inclusion within a political system which is non-European, as might be the lot of Canada. Her economic system, like her political, is European; her prosperity and the maintenance of her standards of living make European peace a vital interest for her. No Government has shown any desire to separate itself from the foreign relations of Great Britain in essential matters. It may be recalled that in 1919 the Australian Government accepted rather than desired "separate representation" at the Peace Conference; and though membership of the League of Nations is now a familiar fact, Australians have not regarded it as fundamentally altering their status within the British Empire. If it has been considered at all from this standpoint, it has been rather with doubt and hesitation as to the wisdom of the course taken than with the proud consciousness of achievement. The Commonwealth accepted the obligations of the Anglo-French Security Treaty of 1919 and the Straits Convention of the Treaty of Lausanne. It is not seriously challenged that if Great Britain is at war, Australia is at war. The dependence of the essential interests of the country—her political security and control over her destinies, her social conditions, and her development—upon the security and welfare of Great Britain is so obvious, that it is a mere matter of self-preservation for Australia to do her utmost to assist Great Britain if these interests were imperilled by a great European war. Thus the question of adherence to the Locarno Pact by Australia has not excited any great amount of interest. It will be discussed in the Commonwealth Parliament before the delegates depart for the meetings of the League of Nations

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Assembly and the Imperial Conference. But the Government will not decide—Mr. Bruce has announced—until the matter has been discussed at the Imperial Conference.

The notion of treaties imposing obligation on one part of the Empire only, embodied in the Conference resolutions of 1923, has been carried to great lengths. The British Government's general treaty with the Russian Soviet, the treaty of guarantee embodied in the Locarno Pact, and the Canadian Government's contention that the Treaty of Peace with Turkey belongs to this class, are singular applications of a resolution presumably adopted for treaties of a subsidiary and local nature. This notion has in effect been applied by Great Britain as a *modus vivendi* to make a practicable diplomacy in face of the inadequacy of the machinery for Imperial consultation. It may readily be used, however, not merely to undermine the diplomatic unity of the Empire, but to represent to foreign countries the breakdown of the system of co-operation. From this latter standpoint, it is deplored by General Smuts. By General Hertzog it is acclaimed as the acknowledgment of the dissolution of a political entity within which equality in fact was impossible, and the persistence of which perpetuated suspicions and alarms which were themselves a principal barrier to effective co-operation.

The recent declarations of General Hertzog as to his intended action at the Conference may require the Commonwealth to define its attitude more explicitly than it has yet done on the general question of the status of the Dominions in international relations. While anxious that there should be an agreement upon fundamentals and aware that a uniformity in Dominion status has both conveniences in practice and advantages in fostering the spirit upon which the will to co-operation depends, the Government of the Commonwealth will not allow itself to be drawn into line with General Hertzog's declaration of independence, whether it be in the name of nationalism

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or of co-operation. The notion of a dual-Kingship over countries otherwise separate and independent was rejected when the Irish Free State was formed within the community of the British Commonwealth of Nations. Certainly Australia would not ally herself with any movement which placed her outside the British Commonwealth. If South Africa, or any other Dominion, desires to go so far, Australia at present will not follow. That much at least may be taken as certain.

The positive policy of the present Australian Government has been fairly well indicated. It is to improve by all practicable means the present system of consultation. It has developed its organisation at the Australian end, and the experiment of a *liaison* officer in London has worked well. Mr. Bruce is not dissatisfied with the means in existence for keeping the Australian Government informed; he has compared his position in this respect with that of a Cabinet Minister in Great Britain. The disadvantages of which he is conscious are a certain inability to realise the "changes of atmosphere," and the fact that information has sometimes arrived too late for him to form a considered opinion on matters on which his advice was sought. These difficulties, he has suggested, might be met by such a change in the High Commissionership as would make it approximate to a political and diplomatic rather than a consular and commercial office, by the appointment of a representative who will be able to advise the British Government of the Australian "atmosphere," and thus assist them, while at the same time keeping the Australian Government advised of the general trend of affairs and policy, and preparing them for the consideration of the specific matters on which they are likely to be consulted. This is what the Prime Minister appears to aim at when he speaks of the need for some one in an "ambassadorial position" in Great Britain. The appointment of an ambassador or diplomatic agent in a technical sense would hardly accomplish the purpose of intimate

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consultation and interchange of information; it might make intercourse more formal and less intimate, and encourage a notion of separatism which might easily, even towards foreign Powers, embarrass rather than assist relations. The alternative plan of appointing an Australian Minister to reside continuously in London has been condemned by Mr. Bruce: the representative must be subject to the responsible Government, not a part of it.

But is all this anything more than the standpoint of the Australian Government of to-day, and does it take into account the attitude of the Labour party, which may be responsible for Australia's policy in a year or two? Undoubtedly there is a disposition in the Labour party to frame its policy on questions not immediately concerning social and economic affairs on a principle of "sheer repulsion" from its opponents. Even if this were not so, the natural tendency of such a party is to believe that all would be right as right could be in international relations if you had no foreign policy. That view is dispelled by a little experience. It was obvious to everyone in Australia, as elsewhere, that the advent of the Labour Government in Great Britain abated nothing of the importance or the difficulties of foreign policy. No British Ministers have been so outspoken as Mr. MacDonald and Mr. Thomas on the embarrassments of the present state of Imperial relations, and their mischievous effect upon foreign relations, or have been more earnest in seeking a workable plan of consultation and co-operation. Mr. Ramsay MacDonald's private committee for drawing up a common Labour policy on preference, immigration, and other Empire problems, shows that Labour in England, in opposition as in office, recognises the British Commonwealth as an asset and a problem. The conference of the Labour parties and trade unions of the British Commonwealth held at the House of Commons in July 1925 is to re-assemble in July 1927, when organisations have had the opportunity of preparing for it after consideration of the

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discussions of 1925. In Australia, the result of all this will probably be an attempt to substitute for the mere negations or professed indifference of the past a Labour policy of co-operation within the Empire. In any case, Australian Labour leaders would recognise that a declared policy of separation from the Empire would be fatal to those who based an appeal to the electors on it.

The Assembly of the League of Nations will meet a few weeks before the Imperial Conference. The Australian Government has, in answer to the Secretariat of the League, stated its views concerning the composition of the Council. They are that the number of members should remain small, that the permanent seats should be restricted to the Great Powers, that Germany should have a permanent seat, and that, generally speaking, rotation should be observed in the case of non-permanent members, but not so as to form an inflexible rule and not so as to base it on any rigid plan of geographical representation. Moreover, the Australian Government declares itself against any modification of the principle of unanimity within the Council. But there is one matter concerning membership of the Council which directly affects the British Empire. Under the Covenant, the "British Empire" is a member of the Council. In practice, that designation appears to have been treated both by the League and by the several Governments within the Empire as though it were "Great Britain," which, of course, is not by itself a member of either Council or League. The result has been to dissociate the Dominions from the proceedings of the Council, to encourage a "European view" in the British Government, to disinterest the Dominions in the work of the Council, and to foster in the League itself the notion of the separateness of the several members of the British Empire. This result is unfortunate and appears to be contrary to the original intention as embodied in the Covenant and as illustrated by the actual proceedings at Paris in 1919.

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The constitution of such a representation of the British Empire for the purposes of the meetings of the Council as was in use at Paris in 1919 or at Washington in 1922 seems well worthy of consideration. It would in the case of Australia be assisted by a change of the function of the High Commissioner, and his association with the British Empire work in the Council of the League would enhance the value of the office to the Australian Government.

The economic side of the Conference will, however, attract more attention in Australia than its political and constitutional deliberations. The enforcement of dumping duties in South Africa and Canada against some Australian products has emphasised this aspect of Imperial relations. To most people in Australia by far the most important feature of an Imperial Conference is the prospect of Imperial economic co-operation.

The policy of fostering Australian manufactures by a high tariff has steadily increased the cost of living, and this has burdened the primary producer. To counteract this, and to offset the lure of the city, the Government is endeavouring to secure for the man on the land a better market for his produce by means of pools, bounties, and inter-Imperial preference. Until a wider and more stable market is assured migrants, unsystematically and indiscriminately added to the population, may add to secondary and urban industries a supply of labour greater than can be absorbed by any expansion of those industries which can be reasonably expected. These are the considerations which underlie Mr. Bruce's slogan "Men, Money and Markets," and which account for his strenuous advocacy of Imperial preference in 1923. In essentials the Australian situation has not changed since then, nor has the Prime Minister's policy. But has the situation changed in Britain? Mr. Baldwin's coquettings with preference at that Conference are said to have been a big factor in the advent of the MacDonald Government in 1924.

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Whether he is disposed to risk offending British free trade sentiment again, at the instance of Dominion statesmen, should be revealed at this Conference. Meanwhile it is significant to notice that in the pages of the recently established *Economic Record* for Australia and New Zealand the case for free trade has not altogether gone by default. There appears to be a small but growing body of opinion in Australia that Mr. Bruce is starting from the wrong end, and that the real solution of the problem of finding markets for our primary producers lies in the direction of moderating the high protective policy to which Australia has been committed by this and previous Governments.

II. FEDERAL POLITICS

MR. BRUCE and his colleagues have already shown that they intend to carry out the promise made to the electors last year that the life of the tenth Federal Parliament would be a busy one. In the first session, which was begun in January and subsequently interrupted by a long adjournment, a number of important measures have been introduced, some administrative and others involving notable changes in the relations of the Commonwealth and the States. Of the administrative measures three should be particularised. A Bill has been introduced with the object of reorganising the government of what has hitherto been known as the Northern Territory. Three Commissioners are to be appointed one of whom must have had a training in medicine. Their duties will be to frame a comprehensive scheme of development in which will be included the construction of railways, roads and telephones, and to carry it out subject to the general control of the Commonwealth Parliament. For the present the Northern Territory mean area of about half a million square miles will be divided into two parts known as Northern and Central Australia, each approximately half a

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million square miles in area, but it is possible that portions of Western Australia and of Queensland may subsequently be placed under the control of the Commissioners so that the whole of tropical Australia may be under one jurisdiction. Mr. Bruce has spoken in the most hopeful terms of the pastoral and mineral wealth that may be developed in the Northern Territory so soon as it is linked up with the more populous districts by rail. The Northern Territory has been the cause of many disappointments in the past and Mr. Bruce's optimism is not shared by all the experts. His policy of finding the best men and giving them a free hand should enable a reasonable judgment to be formed as to whether these failures are attributable to mal-administration, to lack of transport facilities or to defects of soil and climate.

Another Commission is to be appointed to take charge of migration. It cannot have complete control of settlement since unalienated lands are under the control of the States, but its power is very wide. It will initiate and supervise developmental and industrial schemes connected with migration, report on what districts are suitable for settlement, what lands are available, which industries deserve encouragement by tariffs, bounties or otherwise. Parliament may reject any scheme approved by the Commission, but Parliament may not carry out any scheme which the Commission has rejected. The Commission is thus in much the same position as the Public Works Committees of the States, whose approval is essential before any important public work may be submitted to Parliament. The success of the Commission must depend on its personnel and Mr. Bruce has made it clear that he will look for the best men whether in or out of the Civil Service. The third Bill will provide a permanent endowment for scientific research under the auspices of the Commonwealth Bureau of Science and Industry and for the reorganisation of the Bureau. The changes are the outcome of a report by Sir Frank Heath who recently visited Australia at the

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request of the Federal Government, and the amount is £250,000. The Institute will be advised by a Committee of distinguished experts and it is thought that the substitution of a permanent endowment for annual and uncertain appropriations will remove one of the most serious obstacles to its usefulness.

Of the Bills dealing with the relations of the Commonwealth and the States one only requires to be submitted to the people at a referendum. Since 1910 the Commonwealth has been under an obligation to pay to each of the States the sum of 25s. per head of its population. This obligation is not imposed by the Constitution and an amendment proposed with the object of inserting it there was rejected at a referendum. It is imposed by the Surplus Revenue Act passed in 1910 to remain in force for ten years and thereafter until the Federal Parliament should otherwise decide. Since 1920 Commonwealth Ministers have sought to come to an agreement with State Ministers under which the States would consent to forego the *per capita* payments in consideration of the Commonwealth curtailing its direct taxation. These negotiations have failed in the past, partly owing to disputes as to the exact effect of the change on State taxation and partly owing to the claim of the State Treasurers that they are morally entitled to a share in customs revenue. This year Dr. Earle Page, the Treasurer, his first proposals having been almost unanimously condemned by a conference of State Ministers, has brought down a modified scheme under which the Commonwealth will cease to make the *per capita* payments, will abandon land taxes and estate duties and will cut down income taxes to 40 per cent. At the time of writing these proposals have not been discussed in the Federal Parliament. Their reception at the hands of State Ministers has been generally hostile. It is said that so far from the change conferring a benefit on the States as the Federal Treasurer claims, it will compel the individual taxpayer to pay more than he has hitherto paid

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to both Treasuries combined. Some Ministers reiterate the charge that when on the establishment of the Commonwealth the customs were assigned to the central Government it was understood that the States, which remained in charge of some of the most important services, would always be allowed to participate in the revenue from this source. Another and possibly a more serious objection is that the Commonwealth cannot guarantee that it will not be compelled to return to the fields now abandoned. During the past few years customs revenue has steadily risen. The Commonwealth Treasury has enjoyed a number of surpluses from which it has been able to reduce direct taxation, to pay off instalments of the Commonwealth debt, to earmark a defence fund and to assume one of the functions of the States by embarking on a policy of road construction. But customs revenue depends on the maintenance of a constant stream of imports in spite of a high protective tariff and these imports must be to a large extent the product of loans raised externally. It is suggested that if the States ceased to raise their loans abroad or if for any other reason customs revenue fell away, the Commonwealth would be compelled to return to the fields which it has now abandoned, and the taxpayer would be doubly penalised. If the customs revenue ceased to be sufficient for the Commonwealth, it is improbable that the States would lose much by being excluded from it, and the Commonwealth Treasurer regards the danger as negligible. He describes the dependence of the States on the Commonwealth revenue as an absurdity, and insists on the benefits that must accrue to the taxpayer when the body which decides on expenditure has the sole responsibility for raising the taxes to provide for it. There is a wide difference between experts as to the immediate results to the taxpayer, but it is clear that the more ungrateful rôle has been assigned to the States. Australians are apt to regard increasing prices produced by a high tariff as the outcome of the national policy, and to accept them cheer-

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fully. Increases in income tax or land tax they are more likely to look upon as the result of government extravagance and to resent. The change will involve extensive adjustments in methods of taxation, and it would have been more reasonable if Dr. Earle Page had postponed his proposals until the constitutional session at the end of the present Parliament, when amendments will be brought forward with the object of transferring some of the State departments and of founding new States.

The second constitutional proposal is for a radical amendment of the Federal Arbitration system, and will involve a referendum. That provision of the Constitution which gives the Commonwealth an arbitration power has disclosed more difficulties of interpretation than all the rest of the Act. For many years the Court was hampered by what the President called a Serbonian bog of technicalities. Some of its impediments have been removed by Acts of the Commonwealth, but there are some restrictions on its authority which flow from the wording of the Constitution, and cannot be removed without an amendment. The Court cannot act except in relation to a dispute existing or impending. It cannot deal generally with wages or conditions of labour. Its awards are not like those of a State Court binding on all persons engaged in the industry covered by them though all such persons may be made parties if served. The award of a Federal Court is at present binding only on applicants or respondents. It cannot be made a common rule. The Federal Court, moreover, cannot adjudicate on disputes which do not extend beyond the boundary of one State, and it cannot provide for the discussion or settlement of conditions by such bodies as the Whitley Councils. Mr. Bruce now proposes an amendment of the Constitution which will give Parliament the right to establish boards or courts with wide powers for settling disputes and for defining conditions of labour throughout Australia with the right to make all adjustments rendered necessary by differences in geo-

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graphical conditions. Mr. Bruce has expressed a desire that the measure be treated as non-party, and it is impossible to say what modifications he may accept in order to make his proposals satisfactory to all parties. As introduced, the Bill was intended not to give the power of regulating industrial conditions to the Federal Parliament, but to place it in the hands of courts which the Federal Parliament may establish. The importance of this distinction will appeal to anyone who has experienced the effect of bringing disputes about wages and hours before the State Parliaments instead of before the State Courts. Labour is at present divided in its attitude, some of the Federal leaders being in favour of the amendment, the State parties being on the whole against it. Nationalists in both the Federal and State Parliament are against it, thinking that it would be better to restrict the powers of the Federal Court to eliminating differences between State awards, and dreading the introduction of industrial bitterness into the Federal Parliament. He can, however, count on the support of large numbers of employers and employed who have suffered from overlapping and conflicting awards, and are influenced mainly by the belief that if the Federal powers are strengthened their difficulties will be removed.

This latter proposal has been brought forward now instead of being postponed until the constitutional session, because of the outbreak of a strike in New South Wales, arising out of a conflict between Federal awards and State legislation. The State Parliament passed an Act providing for the establishment of a 44 hour week in all except a few specified industries, and referring particularly to industries governed by Federal awards. The Act provided that men working in these industries should work 44 hours and be paid at the rate awarded for 48 hours. This provision was tested by the employers, who argued that in so far as a State Act was inconsistent with a Federal award it was invalid. This argument was upheld by a majority of the

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High Court, and the decision was followed by a strike in the industries, the employers declaring that they must follow the decision of a properly constituted Court, the employees that they were bound to enjoy the benefits conferred by the law of the land. Ultimately both sides abandoned their principles, the men agreeing to accept 44 hours pay, the employers agreeing to accept 44 hours work, the employers to decide whether these hours be worked on five days or six. It is suggested that if the proposed amendment to the Constitution had been in force this strike would have been quickly settled, or might never have occurred. Whether this belief is correct or not, it is undoubtedly true that this strike increased the number of those who wish to see the control of industries removed from the States and placed under the Federal Parliament.

III. LABOUR ORGANISATION IN NEW SOUTH WALES AND THE RECENT CONFERENCE

LABOUR'S political affairs have been brought sharply to the front by the Annual State Conferences of the Australian Labour party branches in Victoria and New South Wales, and by the Queensland Labour party's fifth successive victory at the polls early in May. Labour has not been displaced from power in the northern State since it took office in 1915. It is intended in this article, however, to confine discussion to the general question of the political organisation of the Labour party, especially as it has been illustrated by the New South Wales Political Labour Conference held in Sydney at Easter.

A great deal has been written for and against the Labour system of members of Parliament pledging themselves to vote as their party directs them. It is not proposed to debate here the question whether members of Parliament should be delegates. In theory we may prefer that they should be senators. In practice we have to admit that they

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are everywhere increasingly becoming delegates. But the real innovation made by Labour in Australia is to place the final control of a political movement in the hands of its Annual Conference—which is an *extra-parliamentary* body. The pledge was given to vote as the majority of Caucus might decide. Caucus was the body consisting of all the Labour members of Parliament. But very early in Labour's Parliamentary history it was recognised that Caucus was not supreme since its acts and decisions were to be reviewed by Conference. While Labour was a third party in the Legislature, and even while it was the official Opposition, there was not much room for criticism by Conference of the acts of Caucus. But when Labour became the Government the situation changed. The Parliamentary party could then legislate the platform into actuality. Why did it not do so? Conference after Conference attacked the Parliamentarians with vigour for their shortcomings. The Parliamentarians defended themselves with acerbity and adroitness. Sometimes they snapped their fingers at Conference, but in the end Conference prevailed, and has now established its right to the sovereignty of the political Labour movement. When it is not sitting it delegates its authority to an Executive to which the Parliamentarians must defer. For with the Executive, although it is responsible to Conference, remains the power of binding or loosing—in other words, it endorses or rejects candidatures for Parliament, and in order to emphasise the sovereignty of Conference that body has decided that no member of Parliament can be a member of the Executive.

In these circumstances, the Parliamentarians have changed their tactics. Following a brief phase of hectoring or even defying Conference, they have addressed themselves to the task of ensuring that Conference shall elect an Executive with which it will be possible for them to work amicably. On paper there is no reason why this should not be done. Practically, the difficulty is that Labour in Australia—and in New South Wales especially—

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is far from being a united body. The relations of the various parties inside the Australian Labour movement since the War have already been indicated in *THE ROUND TABLE*.^{*} Little need be added here. There are two lines of division between the various parties in New South Wales. The first is that between the reformists and the revolutionaries. The Communists—a small and relatively insignificant faction—have been expelled from the Australian Labour party (A.L.P.) altogether. There is however, a certain group of their sympathisers, led by the extreme section among the trade unionists, which at present controls the Sydney Trades and Labour Council. This constitutes the left wing of the A.L.P. The rest can be grouped together, in principle, as a right wing. But inside this right wing there are violent factions based on personal animosities.

The Australian Workers' Union (A.W.U.) is the largest and most important Labour industrial organisation in Australia. Its huge membership and the influence its rural organisers are able to exert upon the country electoral leagues have given it considerable power in the annual conferences of the A.L.P. Many of its officers have been elected to Parliament, and of late years it has tended to dominate the Executives of the party in New South Wales. But in 1923 it suffered a severe reverse. Its hold on the Executive was broken. Four of its leaders were expelled from the movement on the charge of manipulating pre-selection ballots by means of fraudulent ballot boxes. As far as the A.L.P. was concerned, the A.W.U. was driven into the wilderness. It has been trying to get back ever since. At the conference held in Sydney at Easter this year, careful plans were made to oust the existing Executive, the majority of which was in open hostility towards the leaders of the A.W.U. It was decided to ally with the left wing group which centred round the Trades and

^{*} *THE ROUND TABLE*, No. 46, March 1922, pp. 409-415, and No. 52, September 1923, pp. 851-860.

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Labour Council. The alliance was most unnatural, the social philosophy of the allies being quite incongruous. To meet this, the Executive formed an alliance with a small group of critical and able trade union officials. The Labour Parliamentarians, professing to stand above the battle, were nevertheless uneasy. The Premier, Mr. Lang, after his scathing denunciations of the Communists and their allies within the A.L.P., could not have contemplated the possibility of the extension of their influence to the Executive of the party with any complacency. He was, moreover, on friendly and intimate terms with the majority of the existing Executive.

The opening of Conference thus found the delegates in two groups—the A.W.U. with the left wing, against the old Executive with a small band of trade union officials. The former group was plainly in a majority. The old Executive was defeated in division after division. Little real business was done. Hours passed in mutual recriminations, in trials of voting strength on unimportant issues, and several times Conference degenerated into a bedlam of yells and disorder. On the third day the President of the New South Wales A.L.P. who was in the chair, and who was regarded by the A.W.U. as its bitterest enemy, was triumphantly dethroned on the ground that he had recently been made a member of the Upper House, and was ineligible for office. The leader of the left wing section was then elected as a Vice-President for the remainder of Conference. On the next evening the Premier came down to address the delegates on his stewardship. Avoiding all internal contentious matter, his speech was a masterpiece of opportunism. It was largely concerned with his attempts to abolish the Upper House, and his proposals to carry out the platform for the party, but it offered the Labour movement no advice on the very arduous business of governing itself, except to plead that Conference should not embarrass the Government.

But the prospect of Communist sympathisers on the

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Executive was too much for the Parliamentarians. A process of mediation between the opposing factions began. Powerful influences were brought to bear on the A.W.U. and the old Executive party, and the fifth day of Conference revealed that a complete *volte face* had been achieved. It was evident that the rivals had yoked themselves in an uneasy alliance for the purpose of "dishing the Reds." And so it proved. An old Executive nominee became president, and the new Executive consisted of 17 supporters of the outgoing Executive, 15 supporters of the A.W.U., and Mr. O'Reilly, the leader of the group of trade union officials already referred to. Not one of the 30 nominees of the left wing group was successful, and the Premier will be free from the embarrassment which must have awaited him had the original combination between the A.W.U. and militant groups been continued. The official organ of the A.W.U. frankly says that the eleventh hour merger between its leaders and the old Executive, which they had been attacking, was undertaken at the instance of Mr. Loughlin, deputy leader of the Parliamentary Labour party and with the approval of the Premier.

But the merger was short lived. The discussions following the elections revealed the old cleavages. And on the tenth day the Conference was adjourned by the new President amid a riot of protests and scuffings and yells. More than a hundred of the protesting delegates assembled next evening and endeavoured to carry on, but the only result of their deliberations was a motion of censure upon the President for unconstitutionally closing the Conference.

An attempt has been made to show that the characteristic contribution of Australian Labour to political organisation has been the creation of a Parliamentary party governed by an *extra*-Parliamentary conference of delegates. This has been criticised as an undermining of representative government, since the Conference is not responsible to the electorate. Labour replies that the Conference itself

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is a representative institution, that the electorate knows about it and is able to reject Labour candidates if it disapproves of the idea. But if we accept this defence, it is pertinent to enquire what sort of a body this conference is and how it functions. The recent Labour Conference in Victoria would pass this test satisfactorily, but the most ardent Labourite could hardly claim to be satisfied with the political quality of the Sydney Conference which we have just been describing.

It sat for ten days and it did nothing beyond deposing a president, conducting the election of officers for the ensuing year, and appointing a committee to examine a scheme of decentralisation for the A.L.P. brought forward by country delegates. It did not consider one item on the voluminous agenda paper, and it actually did not adopt the annual balance sheet and report of the outgoing Executive. It would seem that this must react upon the party's prospects in the electorate. To what extent it will affect those who usually vote Labour it is quite impossible to predict. In the past, internal quarrels have not shaken the essential solidarity of the party at the polls. But Labour is placed in power in Australia, not by the votes of its supporters alone, but also by a floating middle vote of moderate people who refuse to label themselves as supporters of any political party. The present Labour Government, during the rest of its term of office, may be able to persuade this middle vote to continue its temporary allegiance to Labour at the next election, but it can hardly be denied that Mr. Lang will be carrying a very heavy handicap as a result of the unseemly brawl which passed for Conference this Easter.

Australia. June 22, 1926.

SOUTH AFRICA

I. "WHAT IS KNOWN AS THE FLAG ISSUE"

A NY account that can be offered at this stage of the storm which has raged around the Union Jack must necessarily be taken as provisional. Political parties are still very largely distinguished by their respective attitudes towards the British Commonwealth, racial feeling is by no means dead, and a tragic history has left abiding effects in passions that slumber for a while but are stirred easily into fierce action. Until this last storm has died away it is not possible to cast up with any accuracy the estimate of its consequences.

Its progress has, however, illustrated in unmistakable form two outstanding features of our present political condition. One is the weakening of the older issues before the pressure of the great permanent problems of the country. Even among Nationalists there is a growing tendency to deprecate the raising of academic constitutional issues in such a way as to distract attention from great and pressing needs such as the stimulation of agriculture, the reclaiming of the "poor whites," the safe steering of the country into the strange new sea of industrialism, and, above all, the formulation of a permanent *modus vivendi*—economic, political and social—as between white and black.

Two years of actual experience of government have tempered the exuberant enthusiasms of Opposition days for

"What is Known as the Flag Issue"

spectacular vindications of a formal "independence," and General Hertzog himself has more than once declared that secession from the Commonwealth would be a "disaster." So, too, the National Council of the Labour party in the very perplexed resolution it has recently adopted on the "flag" question begins by regretting "the introduction of any matters which may revive racial strife and which divert the attention of the people from their economic needs and from the struggle for the establishment of white standards of life in South Africa." It then proceeds, in set terms and with small regard for the lacerated feelings of the Minister of the Interior who is responsible, to "regret the dissensions caused by what is known as the flag issue."

There is a sting in the last seven words, and there can be no doubt that many South Africans who have no sympathy with the National Council would agree with the implication that our small handful of whites might well be better employed than in the devising of fancy flags to quarrel about. This feeling is undoubtedly strong and not a few Nationalists share it.

The other tendency that has been thrown into relief by the flag dispute is that which has found expression in "South Africa alone." The tendency takes the form of a ludicrously exaggerated faith in the efficacy of a majority in a South African Parliament to decide great issues which are not purely South African at all, but involve the Commonwealth and, indeed, the whole world. Some part of it may be due to a sense of power supervening upon long years of Opposition, but the main cause of it is just inexperience. Failure to press through the Asiatics Bill, unexpected difficulties with the Colour Bar Bill, and now the almost panic-stricken withdrawal of the Flag Bill, all represent so many painful purchases of a dearly bought experience. Fortunately there are welcome and increasing signs on the Government side of readiness to learn. Indeed that is why no final word can yet be pronounced on "what is known as the flag issue."

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The history of the thing may be briefly told. The almost hieratic protagonist of the whole movement is Dr. Malan, Minister of the Interior, and leader of the Cape Nationalists. Towards the end of the session of 1925 he introduced a Nationality Bill in which was included provision for a South African national flag. The Government realised that such a project required that some common agreement should first be reached and so discharged the Bill on the understanding that before it was reintroduced in the ensuing session a Committee representative of all parties should meet to choose a design. (For every party is committed to the principle of a national flag.) In the meantime designs were called for, and the competition appears to have produced some startling feats of amateur heraldry. The Committee considered them and split hopelessly on the crucial question of the inclusion of the Union Jack. The South African party could not possibly agree to its exclusion; the Nationalists professed themselves, on sentimental grounds of past history, as quite unable to admit it; Labour, bent chiefly on maintaining the Pact, but fearful of its English supporters, looked round for a compromise. This was found in the recommendation that the Union Jack should be retained as the symbolic Commonwealth flag, to be flown on official occasions where South Africa's relationship to the Commonwealth was involved. The flag chosen for South Africa was an arrangement of four bars of colour to represent the four provinces. It included nothing to symbolise the British Crown or to relate the Union to other British Dominions, though such inclusion had been strongly urged on the Government by disinterested advisers. The statement, however, that the design was simply the old *vierkleur* of the Republics rearranged shows as little knowledge of the *vierkleur* as it does of the general exigencies of heraldry. There are flags of European countries to-day which resemble the *vierkleur* more than this flag does.

This, however, is a small matter. When the Committee

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had reported its inability to agree, the compromise mentioned above, the Pact plan, was incorporated in a Bill and introduced into Parliament with a characteristic speech from the Minister of the Interior. Then the real explosion took place, and both the Pact parties seem to have been dumbfounded by its unexpected violence. They were clearly taken by surprise at the storm which the proposal to exclude the Union Jack had aroused. No doubt there were elements in the South African party which were ready to seize a party advantage from the situation, even though that involved some dragging of the Union Jack in the mud. But it was the Government's want of imagination that had given the party managers their chance, and no mere wire-pulling or journalistic stoking could, of themselves, have caused such a conflagration. Government had to recognise the reality and strength of the feeling that had been aroused, and the withdrawal of the Bill must have brought much-needed relief to an unhappy Labour party.

The debate in the House was most revealing, and, in all the circumstances, creditable. There was much frank speaking. At the same time there was evident a general desire to find agreement, and to avoid anything that might stimulate racial strife. The example of the House was not everywhere followed in the country, and much was said that revealed not only inability to appreciate the Nationalist standpoint, but the absence of any disposition to try. It is still impossible to say how far the determination to secure the inclusion of the Jack is quite uncompromising. The Prime Minister still appears to hope for settlement by agreement, though Dr. Malan declared he would rather have a flag without agreement than no flag at all. Moreover, there are a fair number of English South Africans, even outside the Labour party, who might be prepared for a compromise that omitted the Union Jack but placed beyond all doubt the acceptance of the Commonwealth, provided that such a compromise would help the cause of a united front in face of our common problems.

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But so long as the opposing formulæ retain their present shape the hope of a compromise is not bright. For while one section demands that the flag shall symbolise and sum up the past, the other demands a clean cut with the past and calls for a flag that will "look to the future," whatever that may mean. Superficially, the proposal to incorporate the Union Jack and the republican *vierkleur* in a South African flag seems reasonable enough. But, apart from insuperable heraldic difficulties, the proposal has the disadvantage that it would not bring unity. For the Union Jack and the *vierkleur* are not really parallel in the sense that the proposal takes them to be:—

1. The Union Jack is the flag of England and of other British Dominions. The *vierkleur* has only a South African existence.
2. So, too, with their historic symbolism. The one flag symbolises centuries of history. The other but a short episode.
3. The Union Jack is very much alive; the *vierkleur*, say the Nationalists, is dead; they wish to leave it undisturbed in its grave and not to link the future with a corpse, as they expressively put it.
4. Finally, the symbolism of the Union Jack, as the Nationalists maintain, is quite different for the two sections of the people. To one it means a great and glorious past, to another humiliation and suffering. These last claim that while it can command their respect it can never enlist their affection, can never be *their* flag.

To this, of course, it can be replied:—

(a) That many who shared in the time of suffering, like General Smuts himself, are ready to accept the Union Jack and to maintain that if the past is to be dead, it should be really dead. (b) That a brand-new Parliament-made flag would be no more likely to command affection and with a large section of the people might not even command respect.

Much may depend on the reality of the expressed feeling that the Union Jack is symbolic of too much suffering to be acceptable to many Dutch-speaking South Africans. At present we have to face the fact that the fusion of Union Jack and *vierkleur* is unacceptable as a basis of agreement.

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The offer of the *vierkleur* by one side is met by the other with "thank you for nothing!" and with the assertion that the "concession" is only a cover for the Union Jack. On the other hand the Nationalists are told that their repudiation of the *vierkleur* is dictated solely by a desire to exclude the Union Jack also. The offer to preserve the Jack intact as a flag to be flown on special "Commonwealth" occasions is not likely to reconcile the Opposition even if, as General Hertzog promises, the occasions are defined in a schedule of the Act, or even if, as the official Labour resolution demands, the two flags should receive "equal official recognition." For what exactly is "equal official recognition" to mean? The whole project of two flags simply bristles with difficulties and the attempt to carry it out may well hinder rather than help that recognition of South African nationality by the world at large, which is the ostensible motive of the whole "flag" movement.

Probably the most satisfactory course would be to postpone the whole thing indefinitely. There are signs that many influential Nationalists are coming to this conclusion, and they will not lack encouragement from their Labour allies, for to Labour the dispute may well prove calamitous. A lengthy pause in the wrangle might bring at least two highly desirable results. It might bring the Nationalists to realise how deeply-rooted is the sentiment for the Union Jack among most English South Africans, and how free that sentiment is, in the vast majority of minds, from any taint of desire to dominate. Nationalists must, in time, realise that the "past" in that sense cannot be ignored.

In the second place, a pause for reflection might give opportunity for many English South Africans to discern more clearly than they do now what is real and genuine in the Nationalist point of view. If the Nationalist acceptance of the British Commonwealth is sincere and whole-hearted, and if, however, the Union Jack must always stand for painful and unhappy memories, it might be

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possible to devise a flag without the Jack which, nevertheless gives adequate expression on *the South African flag itself*, to the Commonwealth idea. For, sentiment apart, what must be demanded by honest believers in the Commonwealth is full recognition of the meaning of Union in 1910—the union of four provinces under the British Crown. To symbolise the South African Union on one flag, and the British unity on another quite separate flag is not true to the Union settlement itself. Whatever may be thought of the Union Jack, the Commonwealth must find expression on the *South African* flag in some form that is officially and generally recognised as the Commonwealth symbol. Otherwise, how should we stand in relation to the other Dominions? And, more important still, what kind of “future” should we be symbolising in the adoption of a flag for South Africa that excluded all reference to the Commonwealth as such in any shape or form? That is the real core of the matter. When there is talk of “looking to the future” in our new flag design, we have to admit that there is still too little agreement among us as to what that “future” is to be, to serve as an adequate basis for a flag acceptable to everybody. Nationalism has a unique opportunity to give final and convincing proof of its complete sincerity. The signs are not unhopeful, and South African life is an efficient teacher though a little pernickety at times.

II. THE SESSION

THE Session of Parliament which has just ended was remarkable in the first place for the large volume of useful and (for the most part) non-contentious legislation that was placed upon the statute book; secondly, for the introduction in the last weeks of a few highly controversial measures, the passage of which strained the parliamentary machine almost to breaking point; and thirdly, for the fact that for the first time a joint sitting of both Houses

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was called to pass into law a measure which had been twice passed by the House of Assembly and twice rejected by the Senate.

Among the useful and largely non-contentious measures may be mentioned a long awaited Act for amending and consolidating the Company laws of the Union. This had been on the stocks for some years and had already passed through a Select Committee of the House of Assembly before the general election. Others were an Act amending the Criminal Procedure law, an Act providing for an extended system of agricultural credit, an Act amending the Naturalisation law and others of a minor character. A few points only call for special notice. The Act amending the Criminal Procedure law made an important change in the Act of Union by placing the control of public prosecutions directly in the hands of the Government. The Act of Union had set up in each province an official, designated as Attorney-General, in whom was vested the sole control of and responsibility for the public prosecution of offences. He was appointed by the Government, like other public servants, but could not be removed from office except for reasons to be laid before Parliament. The object was to remove the administration of criminal justice from any possibility of political influence, but it has been felt for some time that to remove from the Government of the day any responsibility for the initiation and conduct of criminal prosecutions might lead to disadvantages even more serious than the risk of political interference, more especially in times of civil disorder. The Act therefore restores the position as it was in the four colonies before union, and makes the Government, through the Minister of Justice, directly responsible.

The Agricultural Credits Act is an important step in the direction of assisting farmers to obtain credits on their crops and on personal security at reasonably low rates of interest. Hitherto the individual farmer has been able to obtain advances from the Land Bank only on first mortgage

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of his land. The new machinery set up under the Act will enable him, by becoming a member of a local co-operative credit society, to obtain advances from the Bank on the security of his produce, and of the joint personal liability of the members of the society. The Act amending the law on naturalisation by adopting the necessary provisions of the British Naturalisation Act, enables the Government of the Union to grant naturalisation conferring the full rights of natural born British subjects. This removes, as far as South Africa is concerned, a grievance which has been long felt and has been a subject of discussion at Imperial Conferences, *i.e.*, that a person becoming naturalised as a British subject in one of the Dominions was a British subject only within that Dominion.

The financial position, as reflected in the budget both of the general Government and of the Railways and Harbours Administration, was eminently satisfactory. The general revenue for the year ending March 31, 1926, showed an increase over the estimate of £938,000. The revenue received during the year amounted to £27,030,000, and the expenditure chargeable against it to £26,400,000, so that the year closed with a surplus of £630,000. The chief fiscal changes carried into effect during the session were an increase in the income tax abatement from £300, at which it previously stood, to £400 in the case of married taxpayers, and certain adjustments in the customs tariff intended for the protection or encouragement of South African industries. A new departure was made in regard to provision for a sinking fund for the public debt. Hitherto there has been no general provision for a sinking fund. Certain particular loans have had sinking fund provisions attached to them; but, except for the loans raised after the Anglo-Boer War, and guaranteed by the British Treasury, for the reconstruction of the new colonies, no loan at present outstanding carries such a provision. The guaranteed loan just mentioned amounts to £40,000,000, and for that a sinking fund of 1 per cent.

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is provided. The law also required any surplus on revenue account to be paid over for the redemption of debt, but the total amount paid over since union on this account, after deducting accumulated deficits charged to loan account, has amounted to little more than £2,500,000. What has now been done is to provide for a definite annual payment for the next forty years of £650,000, including the £400,000, which is applicable to the guaranteed loan. The additional £250,000 will be devoted generally to making provision for redemption of debt, and interest at 4½ per cent. on the amount of all stocks cancelled or redeemed during that period will also be paid into the sinking fund. The effect of this will be that at the end of the period of forty years £69,500,000 of debt will have been redeemed, which is more than the total amount of what is known as the unproductive debt. That term, in the official usage of the Treasury, is applied to that part of the public debt not represented by assets which provide for the interest upon it. In its conception the scheme is most commendable. But many strange things may happen in forty years, and it remains to be seen if this sinking fund, conceived as others have been in days of financial virtue and overflowing revenues, will escape the fate which has overtaken them when the lean years come. The public debt, in the meantime, continues to grow. At March 31, 1926, it amounted to £221,933,000, which shows an increase of £7,600,000 during the financial year. For the current year the estimated expenditure on loan services is £13,584,000, including £6,000,000 for railway and harbour construction. Towards this it is estimated that there will be received on revenue account £2,365,000, being receipts from mining leases, which are by law allocated to the loan account, and sales of land, so that after allowing for credit balances in the account at the beginning of the financial year an amount of approximately £10,000,000 will have to be borrowed if the full programme is to be carried out. In considering the figure

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stated above as representing the public debt of the Union it should be borne in mind that it includes also the debts of the provinces as they obtain from the Union Treasury whatever funds they require to borrow.

The budget of the Railways and Harbours Administration disclosed also a satisfactory increase of revenue, exceeding the estimate by—in round figures—£2½ millions, and the account at the end of the financial year showed a surplus of £764,000 after providing for interest on capital and making substantial allocations for depreciation of permanent way and works and rolling stock and for expenditure on betterment. A surplus on the working of the Railways and Harbours Administration, it must be remembered, has to be used for the purposes of the Administration, and does not go to the coffers of the Treasury. The revenue for the current year is estimated at £27,247,000 and the expenditure on working costs, interest on capital and depreciation at £26,522,000 leaving a balance of £725,000 to be allocated for betterment, contribution to deficiencies on the Pension Fund and reduction of capital.

Of the controversial matters which came forward towards the end of the session the one which roused most interest outside Parliament was the Bill to authorise a new national flag for South Africa. That, however, is dealt with in a separate section. Another was a Bill for altering the constitution and powers of the Senate. Hitherto the Senate has consisted of eight members (two for each province) nominated by the Governor-General and thirty-two (eight for each province) elected by the members of the House of Assembly and the Provincial Council for the respective provinces. The Senate could, but need not, be dissolved at the same time as the House of Assembly but could not be dissolved by itself. It has always been a matter of complaint with the parties now in power that as the Senate was not dissolved on the last dissolution of the House of Assembly, they came into office with a

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large majority in the lower House only to find themselves checked by the existence of a Senate in which their opponents had a majority. The Bill as introduced provided that the Senate might be dissolved by itself within three months after a dissolution of the House of Assembly, also that on a dissolution of the Senate the nominated members should vacate their seats, even if the period for which they had been appointed had not expired, and further that the nominated Senators should automatically retire on the occurrence of a change of Government.

With regard to the powers of the Senate the Bill provided that if a Bill (other than a money Bill) is passed by the House of Assembly and rejected by the Senate or passed with amendments to which the lower House will not agree, it could be brought forward in the next ensuing ordinary session and then, if passed again by the House of Assembly in the same form as before, it would become law without being submitted to the Senate. Under the provisions of the Act of Union, such a Bill if passed again by the lower House in the next ensuing session would again go to the Senate, and if again rejected there, or passed with unacceptable amendments, a joint sitting of both Houses could be called to decide by a majority whether the Bill should or should not become law. The Bill therefore, as will be seen, proposed to dispense with the joint sitting in such cases, by making the consent of the Senate unnecessary after the second passing of the Bill by the lower House. During the passage of the amending Bill through the Senate, however, the latter part was dropped. The Act therefore, as passed, leaves untouched the powers of the Senate, and provides only for empowering the Governor-General to dissolve it within 120 days after a dissolution of the House of Assembly and for the vacation of their seats by the nominated members on any such dissolution or on a change of Government even if there has been no dissolution of the Senate as a whole.

Other measures of a contentious character which were

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passed or proposed were of domestic rather than general interest. The Bills prepared by the Prime Minister to give effect to his policy in regard to natives and to the voting rights of coloured persons were, as was promised by him, formally laid before the House of Assembly, with the intention that they shall be proceeded with during next session. They involve, among other things, a radical alteration of the franchise laws of the Cape Province. They will, however, be dealt with more fully on another occasion.

The question of women's franchise was advanced a step during the session by the appointment of a Select Committee which reported in favour of extending the franchise to European women only, on the same qualifications as it is now enjoyed by men in the various provinces. This is intended to get over the opposition to the enfranchisement of women on the same qualifications as men on the part of those who object to any further extension of voting rights to natives or coloured persons under the low standard of qualification existing in the Cape Province. If, however, the new proposals of the Prime Minister result in a revision of the Cape franchise laws as affecting natives and coloured persons there would seem to be no reason for creating a new colour bar in our franchise laws by enfranchising European women only.

III. THE 1820 MEMORIAL SETTLERS' ASSOCIATION

FROM the earliest days of the occupation of the Cape, agriculture has been the most important economic activity in South Africa. Even to-day, notwithstanding fifty years of mining development and the more recent industrial progress encouraged by war-time scarcity and the post-war tariff, agriculture still contributes the largest proportion (21 per cent.) of the national income. Estimates of miner's reserves on the one hand, and the smallness of the South

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African market for industrial products on the other, both afford strong reasons for the opinion that agriculture will continue for some time to occupy the foremost position.

Although the Government policy of favouring industrial development by means of a tariff must hinder the expansion of farming for export, an endeavour is certainly made to provide compensating assistance to the farming community. It is no part of our present purpose to discuss the effects of this policy in transferring the incidence of the burden on to shoulders which are still less sturdy than those of the South African farmers. The point is that the farmers do receive a great deal of assistance from the State. As everywhere, their contribution to direct taxation is comparatively small; and in the new customs tariff the rates on articles which *directly* concern the farmer are low, if not entirely removed. In addition, State assistance of a more positive character is liberally granted. The conversion of South African farming from an easy-going subsistence economy to the very exacting demands of world competition, in a trade that requires regular supplies of uniformly sustained quality, is no light achievement. South African agriculture in the twentieth century is not an easy occupation, although it can be made a very profitable one. The climatic conditions which have earned for this Dominion the name of "Sunny South Africa" are favourable to the growth of many other organisms, besides crops and livestock, and the Government employs a small army of experts in the task of studying and endeavouring to control them. In the Appropriation Act for the current year more than £1,500,000 is again voted on Revenue Account to Agriculture, Forestry, Lands and Irrigation, and on Loan Account nearly £2,500,000 (including over £1,000,000 to the Land Bank) is allocated to the same purposes. The newly reorganised Department of Agriculture renders a notable service through its four divisions—Animal and Field Husbandry, Economics and Markets, Veterinary and Extension—to the farming community.

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That in itself, however, is not enough. Government departments do not grow the crops or rear the stock, and the whole of the organisation would remain ineffective if the farming community were not of the right type. The deepest well of agricultural science is useless if the farmer, on being led to it, will not or cannot drink. South Africa has already learnt that a man is not made into a good farmer by merely being born a farmer's son. "No matter how good the scheme," write the Irrigation Finance Commissioners in their First Report, "if the settler is not the right type, he will not make a success. Settlers should be carefully chosen; experience, aptitude and other characteristics which tend to suit them for this particular kind of work must be considered." The 1820 Memorial Settlers' Association has well earned the prominence which it has attained, precisely because of its success in introducing the type of settler who makes good.

The 1820 Memorial Settlers' Association was established in 1920 "to commemorate and to perpetuate the memory of the pioneers of 1820 by judicious and properly conducted immigration, and land settlement on scientific lines by the introduction of men and women of the right type into South Africa." In the middle of the year 1820 nearly 3,500 settlers in fifty-six parties arrived at Algoa Bay in sixteen ships, the British Government having voted £50,000 in July of the previous year to assist the scheme. To each of the male settlers a hundred acres of land were allotted along the Fish River, from close to the mouth northward towards Grahamstown. They formed the line of defence between the Cape colonists and the Kaffirs, and they with their descendants have played a by no means small part in the development of South Africa. It is fitting that the name of the Association should recall the memory of those pioneers.

Recent experience has shown that effective machinery for advising intending settlers and facilitating immigration is essential if young men coming out to farm in South

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Africa are to be saved from failure and disappointment. The prospects are most favourable for "men with some capital, preferably men who already know the rudiments of veterinary and agricultural science. Even these men must get experience in local methods and conditions before they can farm with success in South Africa." The Association is not a money making concern, and it rigidly abstains from dealing in land. In consequence it is able to give to approved settlers disinterested advice and assistance.

The work of interviewing, advising and approving intending settlers in Great Britain is controlled by a London Committee, under the chairmanship until recently of Sir Lionel Phillips and now of Lord Selborne, a former Governor and High Commissioner in South Africa. A similar committee exists in India. The Association accepts under its ægis settlers of satisfactory health and character who possess a minimum capital of £1,500 if single, or £2,000 if married. Approved settlers secure a reduction in the steamship fare to South Africa, and on arrival at Cape Town are met by the representative of the Association.

The South African end of the organisation comprises a Central Executive under the chairmanship of Sir Charles Crewe, with Colonel George Morris as General Secretary and Manager for Settlement, at Cape Town. Area organisations exist throughout the Union and in Rhodesia, with offices at the chief centres and numerous branches.

Settlers who wish to take up land and start farming at once discuss their requirements with the General Manager on arrival, and receive the assistance and advice of the Association in the choice of a property. The Association aims at ensuring that the purchaser obtains trustworthy information concerning the possibilities of any holding before parting with his money, and the full co-operation of the Department of Lands is available in the arrangement of suitable terms of payment.

For the most part, however, settlers go through a course of training before acquiring a farm. The system is note-

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worthy, in that the student's capital can be maintained intact throughout the course. A large number of farmers take pupils on their farms for periods of one or two years, the pupil working regular farm hours to gain practical experience, in return for free board and lodging. In the case of married settlers, where suitable compensating occupation for the wife cannot be found on the farm to justify free board and lodging, the settler pays for the maintenance of his wife. The readiness of farmers to take approved settlers as pupils has contributed largely to the success of the work of the organisation. At the completion of his period of training the settler may either continue his studies at one of the agricultural colleges, or proceed with the assistance of the Association to acquire a farm of his own.

A new development in this connection has been the acquisition by the Association of a training farm and hostel for fifty or sixty students at Tarka, in the Cradock district, about six hours by rail north of Port Elizabeth. The farm is a typical holding on a Government irrigation scheme on the Great Fish River, and a varied class of agriculture is conducted, including dairying, sheep, several crops, fruit growing and general farm activities. The younger settlers are sent to the training farm for an intensive course extending over four or five months, during which period the superintendent is able to judge of their aptitude. In this way loss of time and money in the continuance of work for which the student is unfitted can be avoided before any definite step has been taken. The students provide their own clothing and linen, and pay £5 monthly for tuition, board and lodging. The fact that little native labour is employed, and that the training is conducted by an experienced staff of specialists, ensures a thorough and practical course, and is resulting in the farm becoming a demonstration holding for the benefit of the whole district.

The work of the Association has been rewarded with a very gratifying success. Well over 1,500 settlers have

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already been introduced, bringing with them about 1,000 dependents, and possessing over £3,500,000 of capital. Of these settlers, over 600 at the end of May last had already acquired land, and less than 250 had for various reasons abandoned the idea of settling. The Association relies largely on voluntary subscriptions to finance its operations. In 1923 a formal constitution was adopted in order to facilitate the acquisition of property, and trustees were appointed by deed. The British Government makes a *per capita* grant for each adult settler, and the amount has recently been increased from £10 to £16, with the result that the London end of the organisation has become self-supporting. The British Government has also contributed towards the cost of equipping the training farm, and the Association generally works in close touch with the Overseas Settlement Committee of the Colonial Office. A fund of £100,000, which has been privately donated, has been vested in the trustees; the Rhodes Trust has given £20,000, and an endeavour is being made to raise another £40,000 in England. In South Africa liberal contributions have been made by the mining and commercial houses and other supporters of the Association, and the Government of Southern Rhodesia makes a grant.

As regards the type of settler introduced, the Association well deserves the congratulations that it has received on all sides. Travelling recently between Stormberg and East London, the present writer shared a compartment with a young ex-officer returning to his farm from a "refresher" course at the Middelburg (Cape) Agricultural College. Every six months he or his partner spent a fortnight at the college discussing problems that had arisen with the staff, and gleaning new ideas. The farm, in the rolling country of the Komgha district, was in a flourishing condition. Their merino wool regularly sold at the top price, although they secured two clips every year. One partner had revived the district Agricultural Society and acted as its secretary, the other was chairman of the Farmers' Association.

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Largely as the result of the keenness of these two newcomers, agricultural methods throughout the locality were being steadily improved and the whole district was being transformed. It is a typical instance of the work that the 1820 Memorial Association's settlers are doing in South Africa.

South Africa. July 22, 1926.

NEW ZEALAND

I. CURRENT POLITICS

THE political history of the Dominion in the last few months has naturally been dull, but will probably liven up now that the parliamentary session has opened. On April 15 last a bye-election was held to fill the vacancy at Eden created by the resignation of Sir James Parr preparatory to his assumption of the post of High Commissioner. In this contest the Government was officially represented by Sir James Gunson, a well-known Auckland business man with a long period of service on local bodies to his credit, but the issue was complicated by the intrusion into the field of an unofficial Government candidate in the person of Miss E. Melville, who has previously contested seats for the Government in the Auckland district, and polled well. The split in the Government vote resulted in the return of the Labour candidate, Mr. H. G. R. Mason, who has contested the seat against Sir James Parr on previous occasions, and who is a barrister and a university man of culture. The final figures were as follows:—

Mr. Mason	..	..	4,589	Miss Melville	..	2,197
Sir James Gunson	..	..	4,163	Informal	..	99
Total, 11,048.						

It is not the first time that a woman has caused trouble in Eden, but the bye-election has little political significance as an indication of confidence in the Government, for

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party voting strength was substantially unaltered, and it was not altogether a surprise. Evidence accumulated during the campaign that Sir James Gunson, whatever his past services to Auckland may have been, is not personally popular at the present time, and his adhesion to the Government ranks was considered by many to have been suspiciously recent. Sympathy was felt for Miss Melville in the way she had been treated at the selection ballot of the Government party, while Mr. Mason was a strong candidate and well known in the electorate. The important result of the bye-election is to place beyond doubt the right of the Labour party to be considered as the official Opposition. Mr. Coates accepted the situation with that philosophy and good temper which, whatever his political actions, are rendering him a highly popular man in the country, and a soothing influence in party politics. The present party strength is :

Government	55
Opposition (Labour)	13
Nationalists and Miscellaneous	12

On May 24 last Mr. Coates made the long delayed announcement as regards Cabinet reconstruction as follows :—

Mr. Coates : Prime Minister, and Railways, Public Works, and Native Affairs.
 Mr. Downie Stewart : Finance.
 Mr. McLeod : Lands, Industries and Commerce.
 Mr. Anderson : Labour, Mines and Marine.
 Mr. Bollard : Internal Affairs.
 Mr. Young : Health.
 Mr. Hawken : Agriculture.
 Mr. F. J. Rolleston : Attorney-General, Justice and Defence.
 Mr. Nosworthy : External Affairs and Postmaster-General.
 Mr. Wright : Education.
 Sir Heaton Rhodes : acting Leader of the Upper House.
 Sir M. Pomare : to represent the Native Race.
 Sir Francis Bell : without Portfolio.
 Mr. Guthrie : without Portfolio.

The Export Control System

On June 11 Mr. Coates announced the appointment of Mr. H. S. Williams as Minister of Public Works, bringing the Cabinet up to its full numerical strength. Messrs. Wright and Williams are new Ministers.

It cannot be said that the new Cabinet excites enthusiasm, but the task of the Premier was not an easy one, and it would be hard to point out, in his large following of second-rate party adherents, better men than those actually selected. Some surprise has been occasioned by the omission of Mr. D. Jones, Chairman of the Meat Export Control Board, who is currently regarded as one of the few able men in the House of Representatives at the present time.

II. THE EXPORT CONTROL SYSTEM

ALTHOUGH New Zealand affairs have been devoid of outstanding interest or importance in the political sphere during the last few months, on the social and economic side there has been lively discussion and interest in regard to several important matters which are vitally relevant to our future prosperity. Chief among these, perhaps, have been the problems raised by the existence and operations of the Export Control Boards. The nature of these remarkable bodies has been described in previous issues of *THE ROUND TABLE*,* but so far no systematic study appears to have been made of the underlying economic principles or of the work that they may be expected to do, the difficulties they may have to face, and the dangers to which an unwise use of their powers may expose the country.

The origin and justification of our export control policy is to be found in the special circumstances of the Dominion,

* *THE ROUND TABLE*, No. 47, June 1922, p. 682; No. 53, December 1923, p. 190; No. 58, March 1925, p. 412.

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and in the nature of the demand for those primary products which constitute the main source of our prosperity and even of our existence as a community. In more than a geographical sense New Zealand is the Antipodes of Great Britain. Our economic life presents analogous but inverted problems. Britain is a densely populated group of islands, unable to feed her population from her own soil, manufacturing a much greater volume of commodities than she can personally consume, and paying for her imported food by exporting the products of her looms and foundries. New Zealand, on the other hand, is a sparsely populated group of islands, unable at the present time, and, as far as we can now see, unlikely in the future also, to produce sufficient manufactured commodities for her own requirements, but producing raw materials in far greater volume than she can herself consume, and paying for the manufactured commodities that she imports by the export of these raw materials. To both Britain and New Zealand foreign trade is of essential importance; and in each case that foreign trade, per head of the population, is abnormally large. Whether this is a source of national strength or weakness it is not relevant to our present purpose to inquire. Here, however, the analogy seems to end, for though we could live, for a time at least, after a rough and primitive fashion without imported manufactures, Britain could not exist without imported food. The nature of the demand for our products is vitally different from the demand for manufactured commodities, and the marketing conditions also are essentially different.

In the year 1925 the aggregate foreign trade of New Zealand, according to official sources, was, in millions of pounds, £107.7, of which imports amounted to £52.5 and exports to £55.2. Of the exports wool accounted for £17.7, butter and cheese for £16.0, and frozen meat for £11.2. These figures are correct to the nearest decimal of one million sterling, but the figure for wool is abnormally high. Taking percentages instead of absolute figures, we

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find that in the same year the composition of our exports was as follows:—

	Per cent.		Per cent.
Pastoral products..	94.2	Forest products	1.8
Agricultural products	.9	Rest	1.7
Mining products ..	1.4		

It is thus seen that New Zealand is, as many have delighted to call her, an outlying farm or supply station for the Mother Country, and that the Meat and Dairy Export Control Boards are between them responsible for the handling of nearly 95 per cent. of our export trade. It is characteristic of raw materials that, as compared with manufactured commodities, the demand for them is "sticky" or inelastic, and so is the supply. It is not possible to control or vary primary production in the same manner that the process of manufacturing can be accelerated or slowed down, nor is it possible for the farmer with ease to move from one line of production to another. In many cases the nature of his land determines somewhat rigidly the type of farming he has to follow; while the nature of the season determines whether the crop will be abundant or scanty. If market prospects are bad the manufacturer of boots or flat-irons can shut down; not so the farmer. Farmers further cannot combine effectively for production; the value of their products is determined by conditions at the other end of the world which are beyond their control, and they must take world parity; while any restriction of production on their part as individuals will not affect the situation. They can, however, combine in marketing, and this they are tending to do all over the world. Of this tendency Control Boards are one manifestation which has for some years been asserting itself more and more clearly in various countries which produce raw materials.

On the side of the consumer, it has long been noticed that the nature of the demand for raw materials is such

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as to produce wide and rapid oscillations of prices. The demand is urgent, and must be satisfied at almost any price. If gramophone records seem too dear, we go without them; if bread is costly, we grumble and pay. Once our desire for bread is satisfied, moreover, we do not greatly covet more, and the result is that in the raw material markets of the world a marked increase in supply causes a great fall in prices, just as a marked shortage pushes prices up to a high figure. As it happens, the supply of products of this kind is variable and uncontrollable; so that, unlike manufactured commodities, our products have to be sold in a market which is subject to wide oscillations of price. It is in these circumstances that commodities, as soon as they become susceptible to the process of grading and standardisation, become appropriate objects for speculation.

It would be pedantic and tedious to draw attention to the economic utility of speculation in raw products as a means of steadying prices, or at all events, of making the daily price correspond more closely to the seasonal price than it would do in the absence of speculation. Our farmers do not understand, as a body, the inherently speculative character of their products; they view all speculation as harmful, possibly as morally reprehensible, certainly as effected at their expense; and whether this view is right or wrong, the important fact is that it is entertained by most of our primary producers. This explains why, in the attempt to protect their interests, and to eliminate price fluctuations which they think are caused by the operations of middlemen, they have taken steps to regulate the rate of supply to the market, clearly realising that they cannot regulate demand.

Our exports are vital to our prosperity, for rich as we are in potential resources, we are dependent upon the import of capital to develop them, and could not carry out the public works which are generally regarded as of urgent importance, or develop our country, without loans

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from Britain or some other outside source. The interest on these loans, as well as the bill for our imports, we pay (in so far as we do not add it to our capital liabilities) by the export of raw materials. The higher their price, the less the burden of our external commitments, and *vice versa*. It is, therefore, greatly to our interest to extend our exports in volume and to sustain them in price. Apart from foreign sources of demand, our exportable surplus would be of little use to ourselves or to anybody else, and our land values and national life would crumble.

Finally, we are situated at the maximum distance from our customers, and in this respect, we are less favourably placed than our principal present, and probable future, competitors. We have no shipping lines of our own and no resources with which to acquire them, so that we are entirely dependent on British shipping lines to place our produce on the London market; and when it gets there we are so isolated by our distance that we do not know what is happening, and when prices are unsatisfactory suspect the worst. Our products and their marketing are of such essential importance as to justify State intervention in their favour should the occasion arise, especially as New Zealand has a long established tradition of Government intervention in economic activities for the presumed good of the community, and the State has never hesitated to step in and to control in the most drastic manner the way in which our citizens carry on their business. What then would be more natural, or more in accord with precedent and public opinion, than to regulate in the interests of the country the distribution and sale of the products which constitute, economically speaking, the lifeblood of the Dominion?

In the period 1921-22, circumstances justifying such a course seemed to many of the interested parties to have come into existence. The post-war boom had burst, the market was bad, and prices were disorganised. Many of the refrigerating plants in the country were in a parlous

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plight, and the industry was clearly over-capitalised, as it still is.* There was no co-ordination or understanding among the operating companies in either the meat or dairy-industries, supplies were going forward in the most erratic and irregular fashion, there was talk of shipping mergers and fear of meat and transport trusts, competition from our more favourably situated competitors was believed to be increasing both in volume and in menace, while the handling, grading and packing of our produce were causing complaints, and its reputation was being imperilled. To restore order in this chaos, the first Export Control Act (the Meat Export Control Act, 1921-22) was passed on February 11, 1922, with the consent and approval of the vast majority of the parties interested, and its preamble is significant, in that it gives the official and prevalent view of the circumstances that justified the legislation. After stating that "the economic welfare of New Zealand has lately been adversely affected by reasons of a reduction in the net returns receivable by persons engaged in the business of the production of meat for export, such reduction being due in part to falling prices, and in part to the charges payable in respect of freight and other services," the Act creates the Meat Producers' Board described in previous issues. This example was subsequently followed in the dairy produce, fruit, honey and kauri gum industries, but only the Meat Board and the Dairy Board are of any significance.

It was generally anticipated that the Boards would content themselves with the regulation of shipment, freight, grading, insurance and handling, and would not make any attempt to interfere with existing channels of distribution at the other end, it being well recognised that such interference was a delicate, precarious and dangerous matter; for we have by no means a monopoly of supply, and our customers could, if necessary, render themselves

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altogether independent of our quota. Power was, however, given to the Boards to apply for an Order-in-Council enabling them to regulate and control sales overseas, and even to conduct such sales themselves. While the Meat Board has confined its operations to the anticipated objectives and not interfered with distribution and sale at the other end, the Dairy Board has taken the power of sale, which it proposes to exercise as from September 1 next. When exercised, it will convert the Board into a State-imposed and State-sanctioned cartel on the Continental model. It would be idle to deny that this step has caused considerable misgivings here in responsible circles outside the dairy industry, and that there is strong opposition to it within the industry itself. The Board, however, claims that it has always intended to exercise this power, that the power would not have been inserted in the Act had it not been intended to be made operative; that a large majority of the producers directly concerned voted for the Act before it was introduced; that the opposition comes entirely from interested parties who will be deprived of middlemen's profits when compulsory control is in force, that such opposition as there is is vocal, not to say vociferous, out of all relation to its real strength, and that the assumption of control will benefit the New Zealand producer without injuring the British consumer, and will not disturb existing financial methods in the industry. It must also be admitted that at recent meetings, dairy farmers have substantially re-affirmed their confidence in the Dairy Board. The Board for its part ascribes misgivings in commercial circles at home to misrepresentation of the position by interested parties, and declares that it still possesses the confidence of Tooley Street, and will work, as heretofore, with the London merchants.

The predominant method of financing the dairy industry, which is rapidly becoming the most important of our export industries, is somewhat peculiar, and illustrates our extreme dependence on outside capital not merely for

* THE ROUND TABLE, No. 47, June 1922, p. 683.

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development, but also for working purposes. Hitherto each individual dairy factory has made its own arrangement with regard to the London broker to whom it is going to consign its produce, and he in his turn establishes a credit in New Zealand, usually at the bank of the dairy company. The credit is transferred to the account of the company by cheque against deliveries of produce to the New Zealand agent of the London firm, or against store warrants. Under the limited control which has hitherto prevailed the Dairy Board sends the bill of lading to the company's bank, releasing equivalent credits from the fund established by the London broker. These advances are believed to run to about 80 per cent., though sometimes to an even higher percentage of the estimated value of the produce, which is then shipped to London under transport arrangements effected by the Board, the balance being credited to the company when account sales are rendered on the completion of the transaction. The dairy industry is thus financed to the extent of about 80 per cent. of the value of the output by advances from London brokers in anticipation of sale.

The assistance thus rendered is of crucial importance to the industry in its present state of organisation, and the goodwill of the London merchants is indispensable, since without their aid we could not finance our dairy exports as in the past. What the opponents of the Board allege but do not prove, is that in some way or other the adoption of compulsory control by the Board will render these well-tried methods of finance inoperative by raising the ill-will of the London houses, and inducing them to withhold financial assistance. This the Board flatly denies, saying that it does not propose to eliminate or alter existing arrangements, but to consolidate them. The merchants will not be disturbed in their present activities, and will have their existing business stabilised and guaranteed. The Board proposes, by arrangement with the London brokers, to apportion the volume of business, to assure them a definite amount of trade and to stabilise their

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clientèle. It will assign definite supplies to various firms, obtain from these firms an aggregate credit for the whole export business, and deplete this credit, as at present, by transferring it to individual factories against store warrants or shipping documents. The credit, in other words, instead of going direct to the factory from the merchant through the local agent, will go to the factory through the Dairy Board. The Board states positively that it has brought these arrangements to their final stage; and it cannot be denied that the method proposed is sound and in accordance with the past custom of the dairy industry.

It is not possible at the moment to state with confidence whether, in view of the strong agitation against the assumption of absolute control, Parliament will in the ensuing session interfere to curtail the powers of the Board. At present the probabilities are against such intervention, but nothing can be affirmed for certain with any degree of confidence. It may, however, be worth while to try to estimate the value of the whole movement, and briefly to examine what may reasonably be expected from the inauguration of the system. To object to export control *in limine* as "socialistic" or "bureaucratic," and so on, is to beg the question, since the day is long past, in New Zealand at any rate, when a proposal can be dismissed merely on the ground that it involves an extension of State compulsion. In such a matter as the handling of the national export trade, compulsory powers are particularly necessary, since a recalcitrant minority could otherwise stand out, wreck the scheme, and nullify whatever benefits might be derivable from it.

The Boards have no direct influence whatever over the individual producer at the production end; no cartel ever has; but their influence over the selling end, the prestige they derive from the backing of the State, and the fact that they are mainly composed of producers' representatives, makes them a force that cannot lightly be disregarded in any branch of the industry. From this point of view con-

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siderable advantages might be gained, since the Boards can improve production by diffusing the latest information as to methods and processes, by promoting and initiating research into technical problems, by pooling manufacturing secrets, by acquiring and making generally available patents and proprietary accessories, and by stimulating efficiency in management by comparative returns showing sources of leakage and promoting a keenness to remove them. Of course, it might be contended that these desiderata could be secured without the cumbrous machinery of a State Control Board, but it is not very obvious that a body with less prestige could effect improvements in the directions indicated, and there is so far no sign of ossification or red tape in the methods that have been employed.

In the intermediate processes between actual manufacture and selling it seems that the Boards are in a position to secure many of the traditional advantages that go with large scale operations, and these could hardly be secured with any other machinery. Among them are improvements in packing, grading, handling and storing, and especially in eliminating the high cost of storage in Britain by making full use of the cold storage facilities available in the Dominion. Uniformity in packing and grading, and the reduction of standard brands to the minimum, as well as the initiation of a comprehensive and unified advertising campaign will, if conducted by a single organisation pushing a single brand, secure the advantage of mass suggestion, which it does not seem possible to secure by any form of voluntary co-operation among the producers affected. Massive simple repetition is the secret of successful advertisement, and a multiplicity of different brands simply cancels the mental impression intended to be produced on the mind of the prospective customer.

Economies can be effected, too, in the matter of insurance. Even in negotiating with the shipping interests, which are not completely competitive, the fact that the industry can act as one body, with uniform shipping

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conditions and large bills of lading, and can regularise shipments and eliminate much expense and trouble, will be reflected in an easing of freights; in negotiations with insurance interests, where competition is keener, even greater advantages may be secured. Perhaps the most important service that the Boards can furnish, however, is in the sphere of statistics and information. The relevant data can be re-tabulated, examined and made generally available by the Boards. We ought to diffuse information, for example, about our produce. What proportion do our exports form of our total production, what sources of supply compete for the British market, what is their trend, what proportion do we supply to Britain and to outside markets respectively, what is the aggregate world consumption, and in what direction is it moving? All these data are on record and should be made accessible to our producers to help their plans for the future. The Boards are in a position to bring home to them the great value of statistics as a guide in their operations.

There is no disguising the difficulties that face these experiments in organised marketing. The hostility of local middlemen may be used in London with damaging effect, while the impression produced by the very idea of export control, suggesting as it does price manipulation against the consumer, is liable to prejudice our standing in the British market. It may turn out that the local middlemen are rendering essential services, and the Boards may prove an inefficient substitute for their activities, or a more costly one. The great danger, if there is initial success, will be the temptation to seek to influence prices in the Home market. At present the Boards disclaim any such intention, but while the Meat Board is quite free from suspicion of anything of the sort, misgivings are felt with regard to the Dairy Board. It is quite clear that any attempt on the part of the Boards to manipulate the market at the other end would be as impolitic as it would ultimately be unsuccessful, and our economic interests are so vitally at stake

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that even the possibility of anything of the sort is viewed here in responsible circles with dismay equal to the annoyance with which it is regarded in Britain. The Dairy Board states that it has no such intention. It aims, it says, merely at avoiding or eliminating preventable fluctuation by regularising supply, but does not expect or intend to affect the average price level.

III. PUBLIC FINANCE

THE recent loan offered on the London market on May 31 last by the Government of New Zealand has been completely successful. £6,000,000 at 5 per cent. interest was issued at £98 10s., and taken up within a few hours of being placed on the market. As compared with recent flotations, both by this country and other Dominions, the reception has been most favourable, last year's loan of £7,000,000 at 4½ per cent. issued at £94 10s. having been left with the underwriters to the extent of 85 per cent. The Government were not unnaturally extremely jubilant, and perhaps with fair justification; and, as they would have incurred a certain measure of local discredit in the event of a failure, they are entitled to some feeling of satisfaction at the present success. It cannot, however, be said that the pæans of triumph uttered by the Prime Minister are seriously warranted, or that the success of this loan means that the people of Britain have been seized with a profound admiration for the sturdiness of our national character, our robust patriotism, and the wealth of our natural resources.

The issue simply shows that there are many people in Britain who are prepared to lend money to the New Zealand Government at the satisfactory rate of £5 2s. 5d. per cent., especially since in the disturbed state of industry and commerce in Britain at the present time much capital that would normally go into industrial development is

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withheld from it because of unsatisfactory prospects. The successful flotation by Victoria of a loan of £3,000,000 on precisely the same terms a few days later seems to make this view more than probable, and the fact that we can still get money so easily, albeit at a high price, is really a cause for uneasiness, since it means that the works constructed with such funds will have to carry a heavy overhead charge for interest; the ease with which it can borrow may, moreover, tempt the Government to extravagant courses. Public and private extravagance, as has been pointed out by us at length in these columns before, is the curse of New Zealand finance.* Our present Premier has acquired a reputation for getting things done, but, translated into financial terms, this means spending money with a lavish hand and leaving the consequences to the future.

Of late years the public and private indebtedness of the Dominion has been increasing at a rate that gives serious minded people some cause for concern. The essential facts are set out in the table below, total debt figures being given to the nearest fraction of a million sterling. The years selected are believed to be typical; 1906 being the year of Seddon's death, 1913 the year before the Great War, 1919 the year after it, and 1925 the last year for which complete figures are available.

Year.	Popu- lation (millions).	Central Government.			Local Authorities.	
		Net debt (millions).	Per head. £ s. d.		Gross debt (millions).	Per head. £ s. d.
1906	.93	60.5	64 17 4		12.9	13 15 11
1913	1.11	87.5	78 13 7		22.2	19 19 8
1919	1.18	170.1	144 7 5		28.3	24 0 9
1925	1.38	214.3	155 6 9		54.0	39 3 2

In considering the enormous rise in the figures of recent years allowance must, however, be made for the great depreciation in the value of money, and for the fact that the debt is represented to a considerable extent by reproductive

* THE ROUND TABLE, No. 48, September 1922, p. 927.

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and valuable assets. In 1925, for example, local bodies held assets valued at £57.1 millions, and the proportion of assets to debt has grown in the last decade. Taking the index for each in 1915 as 1,000, assets stood in 1925 at 2,186 and net debt at 2,159. Of the gross debt of the central government, amounting at March 31, 1925, to £227.8 millions, the distribution is officially given as below :—

	Million £.
A. Directly productive, invested in railways, telegraphs, telephones, lighthouses, harbours, mines, forests, water power, etc.	55.9
B. Investments and advances, bank stock, etc.	53.8
C. Indirectly productive, roads, bridges, water supply, immigration, etc.	16.6
D. Unproductive, covering Maori and European war debt . .	101.5
Total	227.8

Public buildings are included under D, but are really productive assets.

Of the first two categories of debt, however, some items are "reproductive" only in the least exact sense of the term. Millions for example will ultimately have to be written off the item of nearly ten million sterling raised for soldier settlement, and the item of nearly four millions for water power and electric development cannot be taken at its face value. It is clear, however, that more than half of the public debt is reproductive to a greater or less extent; and when allowance is made for nearly eighty millions sterling standing to the debit of the Maori and European wars, it cannot be said that the Dominion has not had fair value for its borrowing, or that it has, on the whole, made a foolish use of the funds which it has raised.

We are, however, adopting the very vicious practice of borrowing abroad a sum which is virtually the amount of our annual interest. We have to find a little over five millions sterling per annum for interest due abroad, and

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this represents, by and large, the average amount of our public borrowings. There must sooner or later, and sooner preferably to later, be an alteration in our present trade balance to cope with this situation.

Official figures disclose that in only one year out of the last five have our exports shown a surplus over imports sufficient to cover interest charges, and as the value of our products is falling while our interest commitments are increasing, the position is far from satisfactory. The drop in value, but not in volume, of our exports is shown in the figures for the year ending in April 1926, *i.e.*, exports £46.9 millions, imports £52.7 millions, deficiency on balance of trade £5.9 millions. For that period we are, therefore, about ten millions to the bad, though caution must be exercised in drawing inferences from the figures of a single year. We shall have to import less, spend less, and produce more.

If we were increasing our productive capacity *pari passu* with the growth of our commitments there would be less ground for misgiving. This, however, does not seem to be the case. The matter has recently been investigated in one of the excellent bulletins prepared for the Canterbury Chamber of Commerce by the Economics Department of Canterbury University College, which gives the following important table (*Bulletin* No. 15, April 1926).

Period.	Actual value per head. £	Index of value per head.	Index of wholesale prices.	Index of volume per head.
1900-01	39.4	80	94	85
1905-06	42.7	86	101	85
1910-11	49.5	100	100	100
1915-16	64.4	130	139	94
1918-19	75.1	152	184	82
1919-20	81.8	165	220	75
1920-21	79.3	160	208	77
1921-22	69.6	140	184	76
1922-23	75.2	152	181	84
1923-24	79.3	160	187	86
				891

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The first column eliminates the effect of increase in population by bringing the data of production to a per capita basis, while the second makes them more comparable by reducing them to an index number with the period 1910-11 as base year. The third column shows the disturbance due to the changing price level and the fourth removes this disturbance, being the quotient of the production index divided by the price index. It is thus seen that volume of production per head, after rising, has fallen to what it was a generation ago. These figures make it clear that increased production is imperative in New Zealand, and the Government seems to be seized of this, as is shown by the fact that it has secured the services of Sir Frank Heath to report on avenues for increased national efficiency, and by the determination that it has expressed to follow out his recommendations. The country is sound and prosperous, and only wants a lead to turn men's minds to the urgent necessity of producing more and spending less. If we can shake off our hitherto ineradicable extravagance we shall be all right.

New Zealand. June 21, 1926.

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